City and County of San Francisco
Meeting Minutes
Finance Committee

Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez

Clerk: Gail Johnson

Wednesday, August 01, 2001 | **10:00 AM** | **City Hall, Room 263**

Regular Meeting

Members Present: Mark Leno, Aaron Peskin, Matt Gonzalez.

MEETING CONVENED

The meeting convened at 10:08 a.m.

011226 **[Reserved Funds, Aging and Adult Services]**

Hearing to consider release of reserved funds, Department of Aging and Adult Services (File 010370, Ordinance No. 60-01), in the amount of $1,015,000 to fund the "unmet needs" of seniors. (Adult and Aging Services)

7/2/01, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be calendared at the July 25, 2001 meeting.

7/25/01, CONTINUED. Corrected release amount to $1,015,000 as requested by department.
Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Sandra Nathan, Department of Aging and Adult Services (DAAS); Supervisor Leno; Supervisor Gonzalez; Darrick Lam, DAAS; Supervisor Peskin; John Clark, Deputy Director, DAAS; Bernie Rush, Senior PAC; Bill Hollabaugh, Advisory Council to DAAS.
Continued to August 1, 2001.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Dr. Sandra Nathan, Executive Director, Department of Aging and Adult Services; John Clark, Deputy Executive Director, Department of Aging and Adult Services; Darrick Lam, Department of Aging and Adult Services; Supervisor Sandoval.
Release of reserved funds in the amount of $1,015,000 approved.

APPROVED AND FILED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011120 [Fines for Parking Violations]

Resolution approving schedule of penalties for violation of state and local parking laws. (Parking and Traffic Department)

(Fiscal impact.)

6/13/01, RECEIVED AND ASSIGNED to Finance Committee.

7/3/01, TRANSFERRED to Housing, Transportation and Land Use Committee.

7/12/01, AMENDED. Heard in Committee. Speakers: Fred Hamdun, Parking and Traffic; Stan Jones, Budget Analyst; Richard Skaff, Mayor's Office; Diana Hammons, Parking and Traffic; James Howard, Parking Traffic; Greg Castillo; Karen Franklin; Emily Drennen, SFBAC; Daniel Murphy; Edward Hasbrouck; Barry Taranto, UTW; Roger Bazeley, SFPTA; Edward Evans; Linda Ulrich; Ruth Radetsky; Sean Worsey; Ian Berke; Michael Kwok; Bruce Oka; Bob Planthold; Casey Allen; Greg Hayes; Michael Smith; John Winston; Leah Shahum, SFBC.

7/12/01 Amend Schedule of Penalties as follows: T27 MC Parking Zone $33.00; T219 Parking Meter M/C $33.00; T315A Residential remains at $33.00; V22500F Parking on Sidewalk $50.00 (2001-2002), $75.00 (2002-2003), $100.00 (2003-2004).

7/12/01, REFERRED to Finance Committee. Referred to Finance Committee for fiscal impact, to be heard within 30 days.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Fred Hamdun, Executive Director, Department of Parking and Traffic; Edward Evans, Community Resources Action Project; Ian Berke, Pacific Heights Residents Association; Norman Rolfe; Susan Haun, Walk San Francisco; John Winston, Walk San Francisco; Michael Smith, President of the Board, Walk San Francisco; Barry Taranto, United Taxicab Workers.

Schedule of Penalties amended as follows: T27 MC Parking Zone $50.00; T219 Parking Meter M/C $50.00.

AMENDED.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011127 [Parking Violation Penalties]

Ordinance amending Article 3 Sections 32, 32.1, 32.1.1 through 32.1.11, 32.2, 32.2.1, 32.5, 32.6, 32.6.1, 32.6.2, 32.6.3, 32.6.5, 32.6.6, 32.6.7, 32.6.8, 32.6.10 through 32.6.14, 32.6.16 through 32.6.27, 32.20, Article 7 Section 130, Article 12, Section 210, and Article 16, Section 412 of the San Francisco Traffic Code regarding penalties for parking violations and authorizing the setting of specific penalties for parking violations through a schedule of fines approved by resolution of the Board of Supervisors. (Parking and Traffic Department)

6/13/01, RECEIVED AND ASSIGNED to Housing, Transportation and Land Use Committee.

6/28/01, CONTINUED TO CALL OF THE CHAIR. Speakers: None.

7/12/01, REFERRED to Finance Committee. Heard in Committee. Speakers: Fred Hamdun, Parking and Traffic; Stan Jones, Budget Analyst; Richard Skaff, Mayor's Office; Diana Hammons, Parking and Traffic; James Howard, Parking Traffic; Greg Castillo; Karen Franklin; Emily Drennen, SFBAC; Daniel Murphy; Edward Hasbrouck; Barry Taranto, UTW; Roger Bazeley, SFPTA; Edward Evans; Linda Ulrich; Ruth Radetsky; Sean Worsey; Ian Berke; Michael Kwok; Bruce Oka; Bob Planthold; Casey Allen; Greg Hayes; Michael Smith; John Winston; Leah Shahum, SFBC.
Referred to Finance Committee for fiscal impact, to be heard within 30 days.

7/25/01, CLERICAL CORRECTION. Title clerically corrected by City Attorney on page 1, line 6, after "the," by adding "San Francisco Traffic Code."

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Fred Hamdun, Executive Director, Department of Parking and Traffic; Edward Evans, Community Resources Action Project; Ian Berke, Pacific Heights Residents Association; Norman Rolfe; Susan Haun, Walk San Francisco; John Winston, Walk San Francisco; Michael Smith, President of the Board, Walk San Francisco; Barry Taranto, United Taxicab Workers.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011228 [IHSS Contract Modification with Addus Healthcare for In-Home Supportive Services]

Resolution approving the modification of the contract between the City and County of San Francisco and Addus Healthcare for the provision of In-Home Supportive Services for the period from July 1, 2001 to August 31, 2001, in the increased amount of $1,360,132, for a total contract amount of $18,557,303. (Human Services Department)

(Fiscal impact.)

7/2/01, RECEIVED AND ASSIGNED to Economic Vitality, Small Business and Social Policy Committee.

7/5/01, TRANSFERRED to Finance Committee.

Heard in Committee. Speakers: Trent Rhorer, Executive Director, Department of Human Services; Theodore Lakey, Deputy City Attorney; Harvey Rose, Budget Analyst; Margaret Baran, Executive Director, IHSS Consortium.

TABLED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

ADJOURNMENT

The meeting adjourned at 1:15 p.m.

CITY AND COUNTY OF SAN [FRANCISCO]

BOARD OF SUPERVISORS

BUDGET ANALYST
1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

July 26, 2001

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: August 1, 2001 Finance Committee Meeting

Item 1 – File 01-1226

Note: This item was continued by the Finance Committee at its meeting of July 25, 2001.

Department: Aging and Adult Services

Item: Hearing to consider release of reserved funds for the Department of Aging and Adult Services, in the amount of $1,015,000 to provide: (1) $1,000,000 for unmet needs of senior citizens to be provided by non-profit community-based providers and (2) $15,000 for the infrastructure needs of Self-Help for the Elderly a non-profit community-based provider.

Amount: $1,015,000

Source of Funds: Monies previously appropriated and placed on reserve by the Board of Supervisors ($1,439,000 in funds from the FY 2000-2001 General Fund Reserve and $561,000 from FY 2000-2001 Surplus Parking Tax[1] Revenues).

[1] Under Article 9, Section 615 of the Administrative Code, one third of all Parking Tax collections, excluding the funds allocated to the Municipal Railway, is dedicated to Senior Citizen's Programs. The Controller's Six Month Budget Status Report, issued on February 7, 2001 projected increased Parking Tax collections of approximately $1.7 million during FY 2000-2001. Therefore, the Controller certified the availability of $561,000 for Senior Citizen's Programs.

Description:

In April of 2001, the Board of Supervisors appropriated and placed on reserve a total of $2,000,000, including $1,000,000 for infrastructure needs of non-profit agencies providing services to seniors and an additional $1,000,000 to fund non-profit agencies providing unmet needs of senior citizens. This $2,000,000 supplemental appropriation was funded by:

General Fund Reserve	$1,439,000
Surplus FY 2000-01 Parking Tax Revenue for Senior Programs	561,000
Total	$2,000,000

In May of 2001, the Finance Committee approved the release of $985,000 of the $2,000,000 total for infrastructure needs of non-profit agencies providing services to senior citizens. The Department is now requesting the release of the remaining $1,015,000 to fund non-profit agencies providing the unmet needs of senior citizens.

Mr. John Clark, Acting Executive Director of the Department of Aging and Adult Services, reports in his memo of July 18, 2001 (Attachment I) that a Request for Proposals (RFP) was issued on May 16, 2001 to 62 community based non-profit agencies to provide for the unmet needs of seniors.

Attachment II, contains a list of the 34 non-profit agencies which responded to the RFP, the amounts requested, the amounts allocated, and a brief description of the services to be provided. As shown in Attachment II, $956,000 was allocated to 17 non-profit agencies and $44,000 was allocated for a work order to the Municipal Railway for paratransit services.

Attachment III contains allocations by category of services by non-profit agency.

As indicated in Attachment IV, two of the 17 non-profit agencies, Self-Help for the Elderly and Meals on Wheels have been recommended to receive more than one allocation.

Attachment V lists the allocations by Supervisorial District and by Senior Central Districts.

Comments:

1. According to Mr. Clark, the recommended allocations of the subject $1,000,000 to non-profit agencies for the unmet needs of senior citizens placed special emphasis on joint collaborations between non-profit agencies, specific performance measures, and proposals serving senior citizens groups with multiple needs.

Mr. Clark notes that the rating of the proposals was based on scores assigned by the 11 evaluators who are identified in Attachment VI. These 11 evaluators individually reviewed these proposals and assigned scores based on various criteria. According to Mr. Clark, the evaluation criteria used to award contracts included: a) a documented history of providing the service being requested, b) the ability of the agency to evaluate its own effectiveness in service delivery, c) the ability to develop a sound budget proposal and the ability to obtain additional non-City funds through fundraising efforts, d) the ability to collaborate on service delivery with other non-profit agencies, and e) an innovative proposal serving a new senior citizen population.

2. Mr. Clark advises that both the Department and the advocates who requested these supplemental appropriation consider the subject $1,000,000 as funding for ongoing needs of seniors that have not been previously funded by the City. Therefore, Mr. Clark states that, it is anticipated that the Department may request a continuation of funding to meet the unmet needs of senior citizens in its FY 2002-2003 budget. However, Mr. Clark adds that a final determination has not been made as to whether this amount of funding will be requested in the Department's baseline budget in FY 2002-2003.

3. Mr. Clark anticipates that the contracts with the 17 non-profit agencies which have been recommended for an allocation of funds would begin in August of 2001 and end on June 30, 2002. According to Mr. Clark, the non-profit agencies would be subject to periodic evaluations by Department staff several times during the contract period in order to ensure that performance standards are being met.

4. When the $985,000 was previously released by the Finance Committee for the infrastructure needs of non-profit community based providers, $15,000 not released by the Finance Committee for Self Help for the Elderly as explained in Attachment VII. Mr. Clark is now requesting the release of that $15,000 for Self Help for the Elderly to cover the costs of technology, training and capital.

5. In response to a request from the Finance Committee at its meeting of July 25, 2001, the Department of aging and Adult Services will be providing the following information to the Finance Committee:

- A compilation of all contract service providers funded by the Department by Supervisorial District;
- Contract Service providers that provide services on a City-wide basis that cannot be allocated to a Supervisorial District;
- A breakdown of the City's Senior Population by Supervisorial District.

Such information will be provided directly to the Finance Committee prior to the August 1, 2001 meeting.

Recommendation: Approve the requested release of reserved funds.

Attachment I

City & County of San Francisco
WILLIE L. BROWN, JR., *Mayor*

Department of Aging & Adult Services
SANDRA Y. NATHAN, Ph.D., *Executive Director*

Office on the Aging
County Veterans Service Office

Mental Health Conservator
Public Administrator-Public Guardian

MEMO TO: Pascal St. Gerard, Budget Analyst's Office

FROM: John Clark, Deputy Executive Director

DATE: July 18, 2001

RE: "Unmet Needs" RFP

We issued the RFP on May 16, 2001. We sent a notice of funding availability to 62 community-based organizations in San Francisco, this included both the Office on the Aging's current 45 contractors as well as 17 other organizations that may have been interested.

Our log book indicated that 45 of these organizations subsequently received a copy of the full RFP, and as you know, some 34 of these organizations ultimately filed proposals, of which we recommend funding 21 (18 agencies, but 21 proposals as some organizations filed separate proposals for different funding categories).

Let me know if you need more information.

City and County of San Francisco
Department of Aging and Adult Services
$1,000,000 Unmet Needs RFP
Listing of 34 Agencies Submitting Proposals with
Total Amount Requested and Recommended
and Brief Description of Services to be Provided

Agency	Requested	Recommended	Service Description(*)
Asian Law Caucus	$50,000	-0-	Housing Counseling
Bayview Hunters Point	$90,762	$20,000	Congregate Meals
Bernal Hghts Neigh. Ctr.	$48,690	$45,000	Case Management
Catholic Charities	$127,335	-0-	Community Services, Case Management, In-Home Supportive Services.
Centro Latino	$82,071	-0-	Home-Delivered Meals, Community Services
Edgewood Child. & Fam.	$40,700	$40,700	Community Services
Episcopal Com. Serv.	$41, 880	-0-	Case Management
Filipino-Amer. Council	$108,432	-0-	Case Management, Housing Counseling
Family Service Agency	$27,500	-0-	Community Services
Goldman Aging Inst.	$311,216	$20,000	Case Management, Community Services (Suicide Prevention)
Hearing Society	$442,214	-0-	Community Services
International Institute	$66,671	$65,300.	Community Services (Legal Aid)
Jewish Fam. & Child.	$194,651	$70,000	Case Management, Community Services
John King Senior Center	$32,697	-0-	Community Services (Transportation)
Kimochi, Inc.	$50,000	-0-	Community Services
Korean Center, Inc.	$100,197	-0-	Case Management, Community Services
Lighthouse for the Blind	$87,962	-0-	Community Services
Meals on Wheels	$281,956	$150,000	Home-Delivered Meals, Case Management, Community Services
Mission Neighbhd. Center	$49,700	-0-	Case Management
Network for Elders	$39,222	-0-	Case Management
New Leaf Services	$171,864	-0-	Community Services
North of Market Sen. Ser.	$58,159	-0-	Community Services
On-Lok Day Services	$42,690	$40,000	Home-Delivered Meals
Planning for Elders	$45,000	$45,000	In-Home Supportive Services (Senior) Advocacy

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Project Open Hand	$22,000	$22,000	Congregate Meals
Russian American CS	$108,000	$20,000	Congregate Meals, Home-Delivered Meals, Case Management
Samoan Community Ctr.	$60,225	$30,000	Congregate Meals
San Francisco Senior Ctr.	$44,370	$44,000	Case Management
Self-Help for Elderly	$367,566	$129,000	Congregate Meals, Home-Delivered Meals, Case Management, Community Services, In-Home Supportive Services
Senor Action Network	$70,000	$70,000	Housing Counseling
SF Adult Day Servs. Net.	$46,000	$46,000	Adult Day Health Services
Veteran's Equity Ctr.	$100,000	-0-	Case Management
Vietnamese Elderly	$128,395	-0-	Congregate Meals, Home-Delivered Meals, Community Services, Housing Counseling
Western Addition Sen.	$40,000	-0-	Home-Delivered Meals
Subtotal		**$ 956,000**	
Municipal Railway	$44,000	$44,000	Paratransit Services
Total	**$3,178,125**	**$1,000,000**	

**Underlining indicates the proposal which was funded, when there was more than one proposal submitted.

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Attachment III

City and County of San Francisco
Department of Aging and Adult Services
$1,000,000 Unmet Needs RFP
Recommendations by Category
(6/26/01)

			Recommendation
ADHC Enhancements			
San Francisco ADS Network		$	46,000.00
In-Home Supportive Services			
Self-Help for the Elderly		$	75,000.00
In-Home Support Advocacy			
Planning for Elders in the Central City		$	45,000.00
Housing Counseling/Advocacy			
Senior Action Network		$	70,000.00
Congregate Meals			
Project Open Hand		$	20,000.00
Self-Help for the Elderly		$	65,000.00
Russian American Community Services		$	20,000.00
Samoan Community Development Center	(*)	$	30,000.00
		$	135,000.00
Home-Delivered Meals			
Meals on Wheels		$	80,000.00
On Lok Day Services		$	40,000.00
Western Addition Senior Citizens		$	40,000.00
		$	160,000.00
Case Management			
San Francisco Senior Center		$	44,000.00
Meals on Wheels		$	70,000.00
Bernal Heights Neighborhood Center		$	45,000.00
Jewish Family & Children's Services	(**)	$	70,000.00
		$	229,000.00
Community Services/Social Services			
Edgewood Center for Children & Families	(*)	$	40,700.00
International Institute	(**)	$	65,300.00
Goldman IOA (CESP)		$	20,000.00
Self-Help for the Elderly (DWSSW #9)		$	50,000.00
BVHP Multipupose Senior Services, Inc.		$	20,000.00
		$	196,000.00
Sub-Total		$	956,000.00
Paratransit Services			
Work Order with Municipal Railway		$	44,000.00
Grand Total		$	1,000,000.00

Key: (*) Agency with no previous contractual relationship with the Office on the Aging
(**) Agency with less than one (1) year of contractual relationship with the Office on the Aging

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Attachment IV

City and County of San Francisco
Department of Aging and Adult Service
$1,000,000 Unmet Needs RFP Fiscal Year 2001-02

Recommended Agencies
for Funding in Multiple Program Categories

Self-Help for the Elderly

In-Home Supportive Services	$75,000
Congregate Meals	$65,000
Community Services/Social Services	$50,000

Meals on Wheels

Home-Delivered Meals	$80,000
Case Management	$70,000

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Office on the Aging
FY 2001-02 Unmet Needs Funding
by Eleven Supervisorial Districts

Supervisorial District	Unmet Needs Funds	
1	$	138,150
2	$	51,425
3	$	93,925
4	$	35,500
5	$	30,550
6	$	172,425
7	$	107,900
8	$	62,660
9	$	46,245
10	$	211,000
11	$	50,220
total	$	1,000,000

Office on the Aging
FY 2001-02 Unmet Needs Funding
by Ten Neighborhood Senior Central Districts

Sr. Central District	Unmet Needs Funds	
1	$	153,500
2	$	45,500
3	$	110,500
4	$	250,500
5	$	120,500
6	$	65,500
7	$	75,500
8	$	45,500
9	$	97,500
10	$	35,500
total	$	1,000,000

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Attachment VI

Review Panel
Request for Proposal
Unmet Needs Fiscal Year 20001-02

Housing Counseling/Advocacy (4 Proposals)
Anne Kronenberg, Department of Public Health
Joe LaTorre, Mayor's Office of Housing

In-Home Support Services (2 proposals)
In-Home Support Advocacy (1 proposal)
ADHC Enhancements (1 proposal)
Ramona Davies, Northern Ca. Presbyterian Homes and Services
Joe Lam, Mayor's Office of Community Development

Congregate Meals (5 proposals)
Home-Delivered Meals (7 proposals)
Mary Schembri, Hospice by the Bay
Dave Curto, Department of Human Services
Bernie Rush, Consumer Advocate

Case Management (14 proposals)
Michael Radetsky, Department of Public Health
Bill Haskell, Department of Aging and Adult Services

Community Services/Social Services (18 proposals)
Galen Leong, Department of Public Health
Nancy Giunta, Department of Aging and Adult Services

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City & County of San Francisco
WILLIE L. BROWN, JR., *Mayor*

Office on the Aging
County Veterans Service Office

Department of Aging & Adult Services
SANDRA Y. NATHAN, Ph.D., *Executive Director*

Mental Health Conservator
Public Administrator-Public Guardian

MEMORANDUM

TO: Harvey Rose, Budget Analyst

FROM: John Clark, Deputy Executive Director

DATE: July 18, 2001

RE: **Release of Final $15,000 from Infrastructure Allocation**

As you will recall, the Finance Committee retained (that is, did not release) $15,000 of the first $1,000,000 of the Daly Supplemental (the so-called "Infrastructure" portion). This retention was pending the department making a determination as to how to fund the Asian American Elderly Humanitarian Society. Since the department submitted proposals from community-based agencies totaling $1,000,000 (and not the $985,000 ultimately released), the department held back $15,000 from Self-Help for the Elderly's $117,000 total allotment.

Subsequent to this meeting, we have found sufficient funds elsewhere in the department to fund the AAEHS at $15,000 for FY 01-02. Accordingly, we request the release of this vestigal $15,000 to bring Self-Help for the Elderly back to their original recommended amount of $117,000. As indicated in their original proposal, Self-Help plans to use these funds for technology enhancements and training.

25 Van Ness Street, Suite 650, San Francisco, CA 94102 (415) 864-6051 Fax Number (415) 864-3991

Items 2 and 3 – Files 01-1120 and 01-1127

Note: These items were transferred from the Housing, Transportation and Land Use Committee at its meeting of July 12, 2001.

Department: Department of Parking and Traffic (DPT)

Item: 01-1120
Resolution approving a schedule of penalties for violation of State and local parking laws.

01-1127
Ordinance amending Article 3 Sections 32, 32.1, 32.1.1 through 32.1.11, 32.2, 32.2.1, 32.5, 32.6, 32.6.1, 32.6.2, 32.6.3, 32.6.5, 32.6.6, 32.6.7, 32.6.8, 32.6.10 through 32.6.14, 32.6.16 through 32.6.27, 32.20, Article 7 Section 130, Article 12 Section 210, and Article 16 Section 412 regarding penalties for parking violations and authorizing the setting of specific penalties for parking violations through a schedule of fines approved by resolution of the Board of Supervisors (File 01-1120).

Description: Prior to 1993, parking violations were designated as criminal offenses and the process of issuing and collecting parking citation fines was within the jurisdiction of the Municipal Court. In 1993, under State Assembly Bill 408, the State decriminalized parking violations and assigned parking violations to a civil status. In response to the changed designation, the City transferred responsibility for processing and collecting parking citation penalties from the Municipal Court to the Department of Parking and Traffic (DPT). A.B. 408 also authorized the DPT to establish a schedule of parking penalties, also formerly under the Municipal Court's jurisdiction.

Ms. Lori Giorgi of the City Attorney's Office reports that the existing schedule of penalties for violation of State and local parking laws that the City enforces was set by the Municipal Court prior to 1993. Ms. Giorgi advises that because the responsibility for setting fines has since shifted from the Municipal Court to the DPT, the proposed resolution (File 01-1120) would approve an official citation penalty schedule set by the Board of Supervisors instead of the Municipal Court. The proposed

ordinance (File 01-1127) would amend the City's Traffic Code to include this official citation penalty schedule.

01-1120

Approval of the proposed resolution would (1) approve the existing citation penalty schedule for 134 of the 154 penalties for violation of State and local parking laws, and (2) approve an increase for 20 of the 154 penalties, as shown in Attachment I provided by the DPT, ranging from a 16 percent increase to a 300 percent increase. According to Ms. Diana Hammons of the DPT, only these 20 penalties would increase at this time because they have become outdated and no longer serve as deterrents to motorists who choose to violate the ordinances and resolutions governing parking in the City (see Comment No. 2). The remaining 134 of the 154 penalties would not change, although such penalties were established prior to 1993. A list of all 154 penalties is currently on file with the Municipal Court, however upon approval of the proposed resolution by the Board of Supervisors, a list of all 154 penalties will be kept on file with the Clerk of the Board of Supervisors.

01-1127

Approval of the proposed ordinance would amend the City's Traffic Code to include the schedule of parking penalties for violation of State and local parking laws set forth in File 01-1120.

Comments:

1. On May 1, 2001, the Parking and Traffic Commission approved a resolution (Resolution No. 141-01) urging the Board of Supervisors to adopt the official citation penalty schedule set forth in File 01-1120. According to Ms. Julia Dawson of the DPT, the new penalty schedule would become effective on September 1, 2001.

2. Under the existing penalty structure, the DPT will collect an estimated $67,442,182 in penalties for the 154 penalties in FY 2000-2001, compared to the $62,009,240 annually collected in FY 1999-2000. Approval of the new schedule of penalties would result in an estimated $65,197,703 being collected in FY 2001-2002. According to Ms. Dawson, the 3.3 percent decrease in penalties estimated at $65,197,703 which are anticipated to be

collected in FY 2001-2002 compared to FY 2000-2001 collections of $67,442,182 is due to a one-time revenue increase in FY 2000-2001 from DPT's Special Collection Program which collected revenues on citations that were previously uncollectable.[1] Ms. Dawson states that the parking citation data currently maintained by the DPT does not indicate the exact amount of revenues collected in FY 2000-2001 from the one-time citation collection from the Special Collection Program. Ms. Hammons advises that of the 20 penalties that would increase upon approval by the Board of Supervisors of the proposed resolution (File 01-1120), only 12 of these increased penalties would have a significant impact on revenues collected by the City. These 12 penalties and their respective 12 violations are shown in Attachment II, provided by the DPT. According to Ms. Hammons, the proposed increases to such 12 penalties would result in increased annual revenues of $1,947,703 (as amended by the Housing, Transportation and Land Use Committee-see Comment Nos. 5 and 6) over the revenues collected in FY 1999-2000.[2]

3. As previously noted, approval of the proposed resolution (File 01-1120) would approve (1) the official citation penalty schedule of 154 penalties for violation of State and local parking laws and (2) the increase of 20 of these 154 penalties. If the proposed ordinance (File 01-1127) is approved, the Traffic Code Article 3 Sections 32, 32.1, 32.1.1 through 32.1.11, 32.2, 32.2.1, 32.5, 32.6, 32.6.1, 32.6.2, 32.6.3, 32.6.5, 32.6.6, 32.6.7, 32.6.8, 32.6.10 through 32.6.14, 32.6.16, through 32.6.27, 32.20, Article 7 Section 130, Article 12, Section 210, and Article 16, Section 412 would be amended to include the official citation penalty schedule set forth in File 01-1120.

4. According to Ms. Giorgi, each section of the City's Traffic Code noted above reflects a range for the penalties for the 154 parking violations included in the proposed

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[1] Ms. Dawson reports that the DPT was able to collect previously uncollectable penalties and engage in the Special Collection Program because the DPT had switched to a new citation processing system in November of 1998 that allowed the DPT to, as an example, gain information and collect revenue on citations for out-of-state plates.

[2] According to Ms. Hammons, the Department used FY 1999-2000 citation issuance data because, to date, citation issuance data for FY 2000-01 is incomplete.

resolution (File 01-1120). The DPT currently refers to the schedule of parking citation penalties set by the Municipal Court prior to 1993 for the exact penalty for such 154 parking violations. Ms. Giorgi advises that upon approval by the Board of Supervisors of the proposed ordinance (File 01-1127), the City's Traffic Code would be amended to refer to the proposed official parking penalty schedule set by the Board of Supervisors (File 01-1120), instead of the Municipal Court, for such 154 parking violations.

5. At the July 12, 2001 meeting of the Housing, Transportation and Land Use Committee, the Committee amended the originally proposed official parking penalty schedule for the following four fines: (1) TC27 Special Motorcycle Parking Zones increased from a proposed fine of $25 to a proposed fine of $33, (2) TC 219 Motorcycle Meter Zones increased from a proposed fine of $25 to a proposed fine of $33, (3) VC 22500F Parking on the Sidewalk changed from a proposed fine of $50 to a proposed fine of $50 in FY 2001-2002, $75 in FY 2002-2003, and $100 in FY 2003-2004, and (4) TC 315A Residential Permit Parking (Overtime) from a proposed fine of $50 to remain at its current fine of $33. Because of these changes, the net reduction in anticipated revenues in FY 2001-2002 would total $403,107, according to Mr. Steve Bell of the Department of Parking and Traffic.

6. Attachments I and II reflect the proposed official parking penalty schedule as amended by the Housing, Transportation and Land Use Committee at its July 12, 2001 meeting.

Recommendation: Approval of this proposed legislation is a policy matter for the Board of Supervisors.

SUMMARY OF PROPOSED INCREASES

CODE SECTION	CURRENT FINE	PROPOSED FINE	TOTAL INCREASE	PERCENT INCREASE	DESCRIPTION
Safety & Access					
TC 27	$13	$33	$20	154%	SPECIAL MOTORCYCLE PARKING ZONES
TC 32B	$25	$50	$25	100%	PROHIBITED PARKING
TC 33.5	$23	$50	$27	117%	SCHOOL BUS LOADING ZONES
TC 38A	$25	$50	$25	100%	RED ZONE
TC 38C	$23	$50	$27	117%	WHITE ZONE (5 MINUTES)
TC 39B	$23	$50	$27	117%	TAXICAB STAND
TC 219	$13	$33	$20	154%	MOTORCYCLE METER ZONES
VC 5200	$25	$100	$75	300%	MISSING PLATES
VC 22500A	$28	$50	$22	79%	WITHIN INTERSECTION
VC 22500B	$23	$50	$27	117%	ON CROSSWALKS
VC 22500F*	$25	$50	$25	100%	ON SIDEWALK
VC 22514	$33	$50	$17	52%	FIRE HYDRANT
Commercial Support					
TC 33.3	$30	$50	$20	67%	SPECIAL TRUCK LOADING ZONE
TC 33.3.1	$28	$50	$22	79%	SPECIAL TRUCK LOADING ZONE - MONTGY ST.
TC 33.3.2	$23	$50	$27	117%	SPECIAL TRUCK LOADING ZONE - MARKET ST.
TC 38B	$25	$50	$25	100%	YELLOW - INSIDE METRO DISTRICT
TC 38B.1	$25	$50	$25	100%	YELLOW -OUTSIDE METRO DISTRICT
TC 202.1	$25	$35	$10	40%	PARKING METER VIOLATION (DOWNTOWN CORE)
Facilitation of Transit and Traffic Flow					
TC 32A.1	$43	$50	$7	16%	PROHIBITED STOPPING (INSIDE DOWNTOWN CORE)
TC 32A.2	$23	$50	$27	117%	PROHIBITED STOPPING (OUTSIDE DOWNTOWN CORE)

* Fine will be increased to $75 6/02 and to $100 6/03

Source: DPT

Department of Parking and Traffic
Projected Parking Fine Revenue Increase from Selected Fine Increases
7/24/01

CODE SECTION	DESCRIPTION	CURRENT FINE	PROPOSED FINE	PROPOSED INCREASE	99/00 ISSUANCE*	PROJECTED ISSUANCE 01/02**	PROJECTED TOTAL FINE INCREASE 01/02***
TC 38A	RED ZONE	$25	$50	$25	28,776	21,582	$191,840
TC 38C	WHITE ZONE (5 MINUTES)	$23	$50	$27	15,915	11,936	$124,668
VC 22500B	ON CROSSWALKS	$23	$50	$27	23,530	17,648	$184,318
VC 22500F	ON SIDEWALK	$25	$50	$25	108,597	81,448	$723,980
VC 22514	FIRE HYDRANT	$33	$50	$17	25,962	19,472	$51,924
TC 33.3	SPECIAL TRUCK LOADING ZONE	$30	$50	$20	32,950	24,713	$123,563
TC 38B	YELLOW (30 MINUTE COMML. VEHICLE) INSIDE METRO TRAFFIC DISTRICT	$25	$50	$25	21,413	16,060	$142,753
TC 38B.1	YELLOW (30 MINUTE COMML. VEHICLE) - OUTSIDE METRO TRAFFIC DISTRICT	$25	$50	$25	25,693	19,270	$171,287
TC 39B	TAXICAB STAND	$23	$50	$27	956	717	$7,489
TC 202.1	PARKING METER VIOLATION (DOWNTOWN CORE)	$25	$35	$10	85,162	63,872	$24,839
TC 32A.1	PROHIBITED STOPPING (INSIDE DOWNTOWN CORE)	$43	$50	$7	20,843	15,632	($79,898)
TC 32A.2	PROHIBITED STOPPING (OUTSIDE DOWNTOWN CORE)	$23	$50	$27	46,074	34,556	$360,913
TOTAL					435,871	326,903	$2,027,675
Adjusted for Special Collections Fee of 34%****							$1,947,703

* The table shows FY 99/00 citation issuance data so that we can use a complete fiscal year.

** Projected issuance for FY 01/02 is based on a 25% decrease in citations due to increased compliance

*** Projected total fine increase is based on 2 months of citations at the old fine amount and issuance rate with a 70% collection rate plus 10 months of citations at the new fine amount and issuance rate with a 68% collection rate minus 12 months of citations at the old fine amount and issuance rate with a 70% collection rate.
Please note that citations with higher dollar values have a 2% lower collection rate.
For TC38A, $25 x 28,776 x 70% collection rate x 2 months (16.7%) + $50 x 21,582 x 68% collection rate x 10 months (83.3%) - $25 x 28,776 x 70% collection rate.

**** In the first year, about 11.6% of all citations issued are assigned to special collections. The City pays a 34% fee per dollar collected.

Item 4 – File 01-1228

Department: Department of Human Services (DHS)

Item: Resolution approving a second modification to extend an existing contract between the Department of Human Services and Addus Healthcare, a private for-profit provider, for the provision of In-Home Supportive Services for the two-month period from July 1, 2001 through August 31, 2001. The existing three-year (36-month) contract of $17,197,171 will be increased by $1,360,132, for a total contract amount of $18,557,303.

Contract Extension Amount: Not to exceed $1,360,132

Term of Contract Extension: July 1, 2001 through August 31, 2001 (Two Months)

Sources of Funds: A combination of General Fund monies (22 percent) and Federal and State Medicaid Funds (78 percent). The sources of funding for the $1,360,132 modification to the existing contract, as provided by DHS, are as follows:

General Fund monies included in DHS's FY 2001-2002 budget	$ 299,229
Federal and State Medicaid Funds included in DHS's FY 2001-2002 budget	1,060,903
Total	**$1,360,132**

Description: In-Home Supportive Services (IHSS) is an entitlement program which provides funding for low-income seniors and disabled people to receive non-medical personal care and other household assistance in their homes from visiting workers. IHSS care can allow seniors and disabled persons to remain in their own homes and thereby avoid unnecessary and expensive hospitalization or institutionalization.

IHSS services are provided by either independent providers or contracted providers. All IHSS services are funded by a combination of City General Fund monies and State and Federal Medicaid funds. According to Mr. Joseph Huang of DHS, since 1994, the contractual IHSS services have been divided into two separate contracts,

one with Addus Healthcare, a private for-profit provider, and one with the IHSS Consortium[1], a nonprofit agency. Under this division of contractual services, Addus has provided IHSS services that require less intensive supervision than the IHSS Consortium.

In July of 1998, the Board of Supervisors approved two contracts for IHSS services, one with Addus and one with the IHSS Consortium, for the three-year period from August 1, 1998 to June 30, 2001, with an option to renew for one additional year (Files 98-934 and 98-935). These contracts both expired on June 30, 2001. On July 23, 2001 the Board of Supervisors approved a new intensive supervision contract to provide IHSS services with the IHSS Consortium for the period from July 1, 2001 through June 30, 2004 (File 01-1092). However, according to Mr. Huang of DHS, a new IHSS contract which provides regular supervision IHSS services has not yet been awarded because the Request for Proposal (RFP) process, which began in February of 2001, is still pending.

Therefore, DHS is requesting approval of the proposed resolution, which would authorize a $1,360,132 contract modification to extend the existing regular supervision contract with Addus for a period of two months, from July 1, 2001 through August 31, 2001, bringing the total contract amount to $18,557,303. The Human Services Commission approved the proposed two-month contract extension with Addus Healthcare on June 28, 2001.

Under a prior modification to the existing contract between DHS and Addus, previously approved by the Board of Supervisors in June of 2001, the 36-month contract with Addus was increased by $2,308,327, from $14,888,844 to $17,197,171 (File 01-1000). The $2,308,327 increase in the contract included: (1) an increase of $1,929,577 to reflect an increase in the average hourly wage to be paid to the Addus IHSS contract workers, from $7.29 to $9.00, for the period from

[1] The IHSS Consortium is an association of nonprofit agencies which includes the Independent Living Resource Center, Self-Help for the Elderly, Mission Neighborhood Center, Kimochi, Inc., Bayview-Hunters Point Multipurpose Senior Services Center, Catholic Charities, and Western Addition Senior Citizens Service Center.

October 1, 1999 to June 30, 2000; (2) an increase of \$378,750, which provided for an increase in the average hourly wage of Addus IHSS contract workers from \$9.00 to \$9.70, for the period from July 1, 2000 to June 30, 2001. With the inclusion of benefits, training, travel, insurance, and administrative costs, as well as worker wages, the total hourly rate charged by Addus under the prior modification increased by \$2.94 or 21.6 percent, from \$13.62 to \$16.56, retroactive to October 1, 1999, and by \$1.01 or 6.1 percent, from \$16.56 to \$17.57, retroactive to July 1, 2000.

Under the previously approved 36-month contract with Addus, Addus provided 375,000 hours of IHSS services per year or 31,250 hours per month. Under this proposed second contract modification, Addus would provide 62,500 additional hours of service, or 31,250 hours per month for two months. The total hourly rate to be charged by Addus under the modification, which includes benefits, training, travel, insurance, and administrative costs, as well as worker wages, would increase by \$4.19 or 23.8 percent, from \$17.57 to \$21.76, retroactive to July 1, 2001. The average hourly wage to be paid to the Addus IHSS contract workers under the proposed second contract modification would increase by \$0.81 or 8.4 percent, from \$9.70 to \$10.51, retroactive to July 1, 2001. These wages paid to the workers conform to the Minimum Compensation Ordinance, approved by the Board of Supervisors in September of 2000, which requires that all contracts and contract amendments made after September of 2000 include an hourly wage of a minimum of \$9.00 for contract workers, and that contracts and contract amendments effective after September 2001 include hourly wages of a minimum of \$10.00.

Attachment I, provided by the Department, is a 38-month budget for the total \$18,557,303 contract, from July 1, 1998 through August 31, 2001, including the \$1,360,132 proposed modification for two months, July and August of 2001.

Comments:

1. The hourly rate charged by Addus under the existing 36-month \$17,197,171 contract increased incrementally over the first 36 months from \$13.59 to \$17.57, but the <u>average</u> monthly payment to Addus over the 36-month

period was \$477,699. Under the proposed \$1,360,132 modification, Addus would charge approximately \$680,066 per month, an increase of \$202,367 or 42.4 percent over the \$477,699 average monthly charge for the first 36 months of the contract.

As noted in Attachment I, under the proposed modification, Addus would receive \$57,301 in profit over the two-month contract extension period, or \$28,650 in profit per month. This \$28,650 in monthly profit represents an increase of \$27,416 or 2,221.7 percent over the \$1,234 average monthly profit authorized in the third year of the existing 36-month contract. Further, the Budget Analyst notes that Addus received <u>total profit</u> of \$42,948 for the <u>three-year</u> period of FY 1998-1999, FY 1999-2000, and FY 2000-2001. On an annualized basis, total profit of \$28,650 per month would amount to \$343,800.

The memorandum provided as Attachment II by Mr. Huang of DHS explains that the \$21.76 hourly rate to be charged by Addus under the proposed contract modification reflects a negotiated compromise between DHS and Addus over the term and hourly rate of the proposed extension. The memorandum notes that "for the longer extension, the Department will not agree to the same high rate and will only accept a rate that is fiscally responsible." However, the memorandum does not explain why DHS has authorized the significant increase in profit for Addus discussed above.

2. Because the proposed contract modification commenced on July 1, 2001, the subject resolution should be amended to provide for retroactivity. Mr. Huang reports that the Department submitted the proposed contract for consideration by the Board of Supervisors in late June of 2001.

3. According to Mr. Huang, the RFP for a new longer term regular supervision IHSS contract was issued in February of 2001. Attachment III, provided by the Department, lists the nine newspapers through which the contract was publicized. Mr. Huang reports that two service providers submitted proposals: the IHSS

Consortium and Addus Healthcare. The IHSS Consortium bid on the regular supervision IHSS contract, as well as the intensive supervision IHSS contract. Addus bid only on the regular supervision contract. In April of 2001, the IHSS Consortium, the only bidder for the intensive supervision contract, was selected to be the service provider for both the intensive supervision contract and the regular supervision contract. However, the results of the RFP process were contested by Addus, as explained in detail in the memorandum provided by Mr. Huang of DHS as Attachment IV. This memorandum explains in detail the status of the new RFP process being undertaken by DHS and justifies the two-month contract extension as necessary to "enable the In-Home Supportive Services workers to be paid for work performed in July and August 2001" and to "demonstrate to Addus Healthcare the City's good faith in negotiations." According to Mr. Huang's memorandum in Attachment IV, DHS will be requesting a further extension to the Addus contract, pending the final results of the new RFP.

4. The proposed resolution incorrectly refers to IHSS Consortium in the following phrase: "Whereas, the Human Services Commission has recommended approval of this contract modification with IHSS Consortium of San Francisco..." instead of referring to Addus Healthcare.

Recommendation:

1. In accordance with Comment No. 2, amend the proposed resolution as follows:

(a) on page 1, line 3 in the title, insert "*retroactively*" before "*approving*" so that the phrase reads "*Resolution retroactively approving...*"

(b) on page 1, line 21, insert "*retroactively*" before "*approves*" so that the phrase reads "*hereby retroactively approves...*"

2. In accordance with Comment No. 4, amend the proposed resolution on page 1, line 19, to read: "*...contract modification with Addus Healthcare...*" instead of "*...contract modification with the IHSS Consortium of San Francisco...*"

3. Because there is ongoing uncertainty regarding the status of a longer term regular supervision In-Home Supportive Services contract (see Comment No. 3 above), and because the hourly rate under the proposed contract modification includes a significant increase in Addus Healthcare's profit level (see Comment No. 1 above), approval of the proposed resolution, as amended, is a policy matter for the Board of Supervisors.

Harvey M. Rose

Supervisor Leno
Supervisor Peskin
Supervisor Gonzalez
Clerk of the Board
Controller
Steve Kawa

Document Date: 6/7/01

BUDGET MODIFICATION SUMMARY ATTACHMENT I

Contractor's Name	Contract Term
ADDUS HEALTHCARE	8/1/98 - 8/31/01
(Check One) New ____ Renewal ____ Modification _X_	Modification Period
If modification, Effective Date of Mod. 7/1/00 No. of Mod. 3	7/1/01 - 8/31/01

Program: In-Home Supportive Services	CURRENT YR 1	CURRENT YR 2	CURRENT YR 3	CURRENT TOTAL	PROPOSED MODIFICATION	NEW CONTRACT TOTAL
Term	8/1/98 - 6/30/99	7/1/99 - 6/30/00	7/1/00 - 6/30/01	8/1/98 - 6/30/01	7/1/01 - 8/31/01	8/1/98 - 8/31/01
IHSS Provider Wages						
Full Time	$2,507,864	$3,231,956	$3,657,346	$9,397,168	$657,086	$10,054,252
Part Time	$0	$0	$0	$0	$0	$0
IHSS Provider Employment Taxes						
Social Security (FICA)	$226,170	$297,355	$336,255	$859,780	$60,488	$920,268
Federal Unemploymt Ins (FUTA)	$23,652	$31,096	$35,279	$90,027	$6,326	$96,352
State Unemplymt Ins (SUI)	$73,912	$97,175	$109,919	$281,006	$19,767	$300,773
State Disability Ins (SDI)	$0	$0	$0	$0	$0	$0
City Payroll Tax	$44,347	$58,305	$66,101	$168,753	$11,860	$180,613
IHSS Provider Worker's Compensation	$310,429	$397,400	$454,460	$1,162,289	$71,163	$1,233,452
IHSS Provider Employment Benefits						
Vacation	$130,059	$166,994	$186,634	$483,687	$40,438	$524,123
Sick Leave	$103,671	$133,094	$148,747	$385,512	$42,053	$427,565
Holiday	$67,752	$107,926	$124,377	$300,055	$18,932	$318,987
Health Insurance	$332,430	$378,615	$382,069	$1,093,114	$109,180	$1,202,294
Dental Insurance	$67,053	$73,148	$73,148	$213,349	$18,568	$229,917
Pension	$77,344	$101,250	$106,875	$285,469	$35,625	$321,094
IHSS Provider Travel Costs.						
Travel Wages	$147,124	$188,907	$211,125	$547,158	$38,549	$585,705
Mileage	$68,915	$75,180	$75,180	$219,275	$17,500	$236,775
IHSS Provider Orientation/Skill Dev						
Training Wages	$45,073	$58,114	$65,159	$168,346	$8,870	$177,215
Training Staff/Consultants	$2,596	$2,832	$2,832	$8,260	$0	$8,260
Other Training Costs	$0	$0	$0	$0	$0	$0
Administrative Salaries						
Local Administration	$30,569	$34,630	$35,913	$101,112	$9,167	$110,279
Clerical	$24,397	$27,706	$28,754	$80,857	$7,627	$88,484
IHSS Supervisors	$178,725	$234,889	$245,700	$659,314	$56,333	$715,648
Salaries to Owners/Officers/Dirs.	$0	$0	$0	$0	$0	$0
Administrative Taxes						
Social Security (FICA)	$17,877	$22,738	$23,565	$64,180	$6,168	$70,347
Federal Unemploymt Ins (FUTA)	$1,870	$2,378	$2,464	$6,712	$645	$7,357
State Unemplymt Ins (SUI)	$5,842	$7,431	$7,701	$20,974	$2,016	$22,989
City Payroll Tax	$3,505	$3,487	$4,650	$11,642	$1,209	$12,851
Administrative Worker's Compensation	$3,061	$3,894	$4,035	$10,990	$1,058	$12,046
Administrative Benefits						
Vacation	Inc in sal.	Inc in sal.	Inc in sal.	$0	Inc in sal.	$0
Sick Leave	Inc in sal.	Inc in sal.	Inc in sal.	$0	Inc in sal.	$0
Holiday	Inc in sal.	Inc in sal.	Inc in sal.	$0	Inc in sal.	$0
Health Insurance	$27,279	$29,759	$29,759	$86,797	$7,004	$93,801
Dental Insurance	$4,797	$5,233	$5,233	$15,263	$1,063	$16,326
Administrative Travel						
Travel Wages	Inc in sal.	Inc in sal.	Inc in sal.	$0	Inc in sal.	$0
Mileage	$11,550	$12,600	$12,600	$36,750	$2,100	$38,850
Insurance and Bonding						
Liability Insurance	$14,955	$22,825	$25,821	$63,601	$4,024	$67,625
Automobile Insurance	Inc above	Inc above	Inc above	$0	Inc above	$0
Fidelity Bond	$0	$0	$0	$0	Inc above	$0
Performance Bond	$0	$0	$0	$0	Inc above	$0
Letter of Credit	Inc in oth.	Inc in oth.	Inc in oth.	$0	Inc in oth.	$0
Office Expenses						
Rent	$35,[illegible]7	$38,200	$38,200	$111,417	$12,000	$123,417
Maintenance/Janitorial	$0	$0	$0	$0	$0	$0
Utilities	$0	$0	$0	$0	$0	$0
Equipment (new)	$0	$0	$0	$0	$0	$0
Equipment Maintenance	$3,300	$3,600	$3,600	$10,500	$600	$11,100
Equipment Deprec. (prior purchase)	$0	$0	$0	$0	$0	$0
Accounting and Data Processing	$0	$0	$0	$0	$0	$0
Telephone	$14,208	$15,500	$15,500	$45,208	$4,000	$49,208
Postage	$5,958	$6,500	$6,500	$18,958	$1,333	$20,291
Photocopying/Printing	$6,875	$7,500	$7,500	$21,875	$1,250	$23,125
Supplies	$9,625	$10,500	$10,500	$30,625	$6,667	$37,292
Personnel Advertising	$1,650	$1,800	$1,800	$5,250	$833	$6,083
Other Costs	$22,917	$25,000	$25,000	$72,917	$22,500	$95,417
Profit	$13,402	$14,738	$14,809	$42,948	$57,301	$100,249
Audit Costs	$5,042	$5,500	$5,500	$16,041	$833	$16,874
TOTAL COSTS	$4,670,810	$5,935,752	$6,590,609	$17,197,171	$1,360,132	$18,557,303
Full Time Equivalent (FTE)						

Prepared by: Telephone No.: (559)324-6513 Date: 6/7/01

DHS-CO Review Signature:

City and County of San Francisco **Department of Human Services**

ATTACHMENT II

To: Budget Analyst Office
From: Joseph Huang, Senior Contracts Manager
Date: July 25, 2001
Re: Two-Month Extension for Addus Healthcare, Inc.

As stated in the earlier memo to the Budget Analyst Office, the Department of Human Services had tentatively awarded the new Regular Supervision contract to the In-Home Supportive Services Consortium on April 17, 2001, based on the recommendation of the review panel for RFP 198. When Addus Healthcare, Inc., the incumbent holder of the contract, filed a formal protest of the RFP process, the Department had to provide due process to Addus's protest. When it became apparent that the process would extend beyond June 30, 2001 (the expiration date of the current Addus contract), the Department entered into negotiations with Addus to extend the contract for two months in order to prevent a disruption of services to clients while the process concluded. The two main elements subject to negotiation were the length of the extension and the rate of the extension. Addus asked for a 12 month extension at the rate proposed by them ($21.76) while the Department supported a 2 month extension at the current contract rate ($17.57). The compromise solution was to have a 2 month extension at the $21.76 rate. The Department realizes this rate includes increases in costs not normally acceptable to the Department. However, in light of the short time frame and the need to reach agreement in order to prevent a disruption in services, the Department decided to compromise and cover the increased costs for the limited time period.

With the Mayor's Office's direction to the Department to re-issue the RFP, the Department realizes that the process will extend through either December 31, 2001 or June 30, 2002. The Department has now entered into new negotiations with Addus to further extend their contract. For the longer extension, the Department will not agree to the same high rate and will only accept a rate that is fiscally responsible.

ATTACHMENT III

To: Budget Analyst Office
From: Joseph Huang, Senior Contracts Manager
Date: May 31, 2001
Re: Advertisement for RFP 198

For RFP 198, the Department of Human Services advertised through the Purchasing Department in its Bids & Contracts Opportunity Newsletter and on the City and County's Bids and Contracts website (http://sunset.ci.sf.ca.us/pbids.nsf) with links from the Department of Human Services' website. The Department also advertised through the following newspapers: San Francisco Independent, Bay Guardian, Asian Weekly, Bay Area Reporter, El Bohemia News, The Sun Reporter, San Francisco Bayview, Bay Area Business Woman, and El Mensejero. The Department also sent direct mailings to the current contractors, Addus Healthcare (a for-profit) and IHSS Consortium (a not-for-profit).

The following organizations were aware of the RFP, as they provided letters of support to the IHSS Consortium's proposal or were included in the proposal.

Arriba Juntos
Bayview-Hunters Point Multipurpose Senior Services
Bethany Center
Consumers in Action for Personal Assistance
Family Service Agency of San Francisco
Goldman Institute on Aging
Independent Living Resource Center of San Francisco
IHSS Public Authority
Kimochi, Inc.
Legal Assistance to the Elders, Inc.
Little Brothers – Friends of the Elderly
North of Market Senior Services
Northern California Presbyterian Homes and Services
On-Lok Senior Center
Planning for Elders in the Central City
Project Open Hand
San Francisco Adult Day Services Network
Senior Action Network
Seniors At Home – Jewish Family and Children Services
Self-Help for the Elderly
Western Addition Senior Citizen's Senior Center, Inc.

45) 557-5000 P.O. Box 7988 San Francisco, California 94120

City and County of San Francisco Department of Human Services

ATTACHMENT IV

To: Budget Analyst Office
From: Joseph Huang, Senior Contracts Manager
Date: July 24, 2001
Re: RFP for In-Home Supportive Services with Regular Supervision

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The Department of Human Services issued RFP 198 on February 14, 2001. Proposals were due on March 27, 2001. Two proposals were received as of the due date: one from Addus Healthcare and one from the In-Home Supportive Services Consortium. The review panel that was convened on April 10, 2001 rated the Consortium proposal higher so the contract was tentatively awarded to the IHSS Consortium on April 17, 2001. Addus Healthcare consequently filed a formal protest of the RFP process.

To address the issues raised by Addus Healthcare, the Department initially decided to convene a separate review panel. The new panel would be convened in late July/early August, with the new decision presented to the Human Services Commission, and then the Board of Supervisors, in August 2001. The new contract would start on September 1, 2001. It was under this scenario that the Department negotiated a two-month extension with Addus Healthcare to continue services through August 31, 2001, in order to prevent a disruption in service to clients.

In subsequent meetings between the Mayor's Office, Addus Healthcare, City Attorneys, and the Department, Addus Healthcare has raised additional issues with the RFP process. The Mayor's Office has directed the Department to re-issue the RFP. The details of the new RFP process have not yet been determined. The Department intends to hold public hearings with the new contract expected to begin either January 1, 2002 or July 1, 2002. The Department expects to finish negotiations with Addus Healthcare for a further extension of their current contract to ensure continuity of services during the new RFP process in the next week or two. The Department expects to present the new extension to the Human Services Commission, and then to the Board of Supervisors, in late August 2001.

At this time, the Department requests to proceed with the two-month extension in order to enable the In-Home Supportive Services workers to be paid for work performed in July and August 2001. Proceeding with the two-month extension will also demonstrate to Addus Healthcare the City's good faith in negotiations.

(415) 557-5000 P.O. Box 7988 San Francisco, California 9412

City and County of San Francisco
Meeting Minutes
Finance Committee

Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez

Clerk: Gail Johnson

Wednesday, August 08, 2001 **10:00 AM** **City Hall, Room 263**

Regular Meeting

Members Present: Mark Leno, Aaron Peskin, Matt Gonzalez.

MEETING CONVENED

The meeting convened at 10:08 a.m.

010867 [Outreach Advertising]

Resolution designating the China Press to be outreach newspaper of the City and County of San Francisco for the Chinese community, and designating El Mensajero to be outreach newspaper of the City and County of San Francisco for the Hispanic community, for outreach advertising for the fiscal year commencing July 1, 2001 and ending June 30, 2002. (Purchaser)

5/9/01, RECEIVED AND ASSIGNED to Finance Committee.

5/14/01, SUBSTITUTED. Purchasing Department submitted a substitute resolution bearing new title.

5/14/01, ASSIGNED to Finance Committee.

5/30/01, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Michael Ward, Assistant Director of Purchasing, Purchasing Department; Carmen Ruiz, owner of El Latino Newspaper; Marvin Ramirez, publisher of El Reportero; Jose Del Castillo, publisher and owner of El Mensajero; Clementina Garcia; America Soler-Everhart; Sylvia Sandoval; Pedro Morales, reporter for El Reportero; Julio Ramos; Luis Espinoza, Purchasing Department.
Continued to 7/11/01.

7/13/01, THE MEETING OF JULY 11 WAS CANCELLED.

7/18/01, CONTINUED TO CALL OF THE CHAIR.

Heard in Committee. Speaker: Jose Del Castillo, publisher of El Mensajero.

TABLED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011384 [Contracting out Shuttle Bus Services]

Resolution approving the Controller's certification that shuttle bus services for San Francisco International Airport's Long-Term Parking lot, the employee garage and surface Lot DD can practically be performed by private contractor at a lower cost than if work were performed by City and County employees. (Airport Commission)

7/25/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speaker: Harvey Rose, Budget Analyst.

RECOMMENDED.. by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011272 [Consultant Contract for Third Street Light Rail Transit Project]

Resolution approving the award of Municipal Railway Contract No. CS-132, Quality Assurance and Construction Management Services for Phase I of the Third St. Light Rail Transit Project, to Sverdrup Civil Inc. for an amount not to exceed $16,000,000 and for a term not to exceed five years. (Municipal Transportation Agency)

7/6/01, RECEIVED AND ASSIGNED to Housing, Transportation and Land Use Committee.

7/26/01, REFERRED to Finance Committee. Heard in Committee. Speakers: Luz Cofresi-Howe, MUNI; Stan Jones, Budget Analyst Office; John Kennedy, Deputy City Attorney; Laura Spanjian, MUNI; Jerome Buttrick; Maxwell Myers, L. Myers Company; Richard Pooler; Lytton Archer, Volaterrae Imaging; Carrie Little, Research Magazine; David Sternberg; Roger Bazeley, SFPTA; Joe Boss. Referred to Finance Committee for fiscal impact, to be heard within 30 days.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ben Leung, Project Manager, Third Street Light Rail Transit Project, Municipal Transportation Agency; Carrie Little, Research Magazine; Joe Boss; Laura Spanjian, Municipal Transportation Agency; Luz Cofresi-Howe, Municipal Transportation Agency. Amended on page 1, line 6, after "years," by adding "placing $12,381,055 on reserve." Further amended on page 2 by adding a Further Resolved clause placing funds in the amount of $12,381,055 on reserve.

AMENDED.

Resolution approving the award of Municipal Railway Contract No. CS-132, Quality Assurance and Construction Management Services for Phase I of the Third St. Light Rail Transit Project, to Sverdrup Civil Inc. for an amount not to exceed $16,000,000 and for a term not to exceed five years; placing $12,381,055 on reserve. (Municipal Transportation Agency)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011009 [Booz-Allen Hamilton Contract]

Resolution approving the incentive fee amount of $409,901 for the Booz-Allen & Hamilton contract (CS-128) for Muni Metro service improvements for payment of incentive fees under San Francisco Municipal Railway Contract No. CS-128 with Booz Allen & Hamilton and authorizing the release of $239,126 currently held in reserve. (Municipal Transportation Agency)

(Fiscal impact.)

5/29/01, RECEIVED AND ASSIGNED to Finance Committee.

7/18/01, CONTINUED TO CALL OF THE CHAIR.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Theodore Lakey, Deputy City Attorney; Vince Harris, Deputy General Manager, Municipal Transportation Agency; Mike McDonald, Booz, Allen & Hamilton; Laura Spanjian, Municipal Transportation Agency.
Amended on page 1, line 3, and on page 2, line 6, by replacing "$409,901" with "$318,058.00." Further amended on page 1, line 6, and on page 2, line 7, by replacing "$239,126" with "$147,283." Further amended on page 1, line 24, by adding "WHEREAS, Booz, Allen & Hamilton's efforts resulted in most of the performance improvement goals being met."

AMENDED.

Resolution approving the incentive fee amount of $318,058 for the Booz-Allen & Hamilton contract (CS-128) for Muni Metro service improvements for payment of incentive fees under San Francisco Municipal Railway Contract No. CS-128 with Booz Allen & Hamilton and authorizing the release of $147,283 currently held in reserve. (Municipal Transportation Agency)

(Fiscal impact.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011431 **[State Grant - Department of the Environment]**

Mayor

Resolution authorizing the Department of the Environment to expend a grant in the amount of $7,800,000 from the California Public Utilities Commission for a small business lighting retrofit program. (Mayor)

8/1/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Mark Westlund, Department of the Environment.

Amended on page 1, line 4, by adding "placing $7,258,920 on reserve." Further amended by adding a Further Resolved clause to place $7,258,920 on reserve; and adding a Further Resolved clause urging the Controller to designate new positions as grant-funded positions.

AMENDED.

Resolution authorizing the Department of the Environment to expend a grant in the amount of $7,800,000 from the California Public Utilities Commission for a small business lighting retrofit program; placing $7,258,920 on reserve. (Mayor)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

ADJOURNMENT

The meeting adjourned at 11:37 a.m.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

August 2, 2001

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: August 8, 2001 Finance Committee Meeting

Item 1 – File 01-0867

Note: This item was continued by the Finance Committee at its meeting of July 18, 2001. The Purchasing Division advises that an Amendment of the Whole to the original proposed resolution has been submitted to the Finance Committee to designate a total of 13 newspapers as outreach advertising newspapers instead of two newspapers included in the original proposed resolution. This report is based on the Amendment of the Whole.

Department: Department of Administrative Services, Office of Contract Administration, Purchasing Division

Items: Resolution designating El Mensajero, El Latino and El Reportero to be outreach newspapers for the City's Hispanic/Latino community; designating the China Press, the Chinese Times and the Asian Week to be outreach newspapers for the City's Chinese community; designating the San Francisco Bay View to be the outreach newspaper for the City's African American community; designating the San Francisco Spectrum, the Bay Area Reporter and the San Francisco Bay Times to be outreach newspapers for the City's Gay/Lesbian/Bisexual/Transgender community; designating Mo Magazine to be the outreach newspaper for the City's Southeast Asian community; designating the Russian Life to be the outreach newspaper for the City's Russian community; and designating the Hokubei Mainichi to be

the outreach newspaper for the City's Japanese community, for Fiscal Year 2001-2002.

Description:

Proposition J, which was approved by San Francisco voters in November of 1994, provided, in part, for an Outreach Advertising Fund to be established for the purpose of the City placing "outreach advertising" or weekly notices of items pertaining to governmental operations in periodicals selected to reflect the diversity in race and sexual orientation of the population of the City. Outreach advertisements include, but are not limited to, information about issues that are being reviewed by the Board of Supervisors and that directly affect the public. Pursuant to Proposition J and in accordance with Section 2.81-2(a) of the Administrative Code, the City is required to withhold 10 percent of the annual amounts paid for the City's Type 1 and Type 2 official advertising and to deposit these monies into the Outreach Advertising Fund.

Comments:

1. Since the passage of Proposition J, approved by the voters in November of 1994, bid prices are only one of several factors evaluated and considered when determining the designated outreach newspapers. Other factors include (a) the size of the newspaper's circulation area, (b) the newspaper's cost to the public, (c) ownership of the newspaper by a minority-owned, women-owned, or locally-owned business, (d) whether the newspaper is printed in the language of the outreach community, and (e) the newspaper's compliance with all contracting requirements under the City's Charter and the Administrative Code, according to Luis Espinoza of the Purchasing Division. Proposition J requires the Purchasing Division to recommend to the Board of Supervisors the newspapers with the highest total point scores in each outreach community.

2. According to Mr. Espinoza, the Purchasing Division recommends that the Board of Supervisors designate the China Press and El Mensajero to provide outreach advertising for FY 2001-2002. The China Press received the highest score of the three responsive bids from newspapers seeking to provide outreach advertising to the Chinese community. El Mensajero was the only responsive bidder of the three bids from newspapers seeking to provide outreach advertising to the

Hispanic/Latino community. In addition to recommending the China Press and El Mensajero, the Purchasing Division suggests that the Board of Supervisors "might want to authorize additional outreach advertising" (see Attachment I, provided by the Purchasing Division). The Purchasing Division suggests that such additional outreach advertising could be achieved by designating the 11 other newspapers that submitted bids to the Purchasing Division to provide outreach advertising for FY 2001-2002. Attachment II, provided by the Purchasing Division, contains bid data and point calculation information for the 2 newspapers which the Purchasing Division recommends be designated to provide outreach advertising and the 11 other newspapers which the Purchasing Division suggests could be designated by the Board of Supervisors to provide outreach advertising for FY 2001-2002.

3. As noted in Attachment II, 4 of the 13 newspapers seeking to provide outreach advertising submitted bids that were considered by the Purchasing Division to be responsive. According to Mr. Espinoza, El Mensajero, serving the Hispanic community, and the China Press, the Chinese Times, and the Asian Week, all serving the Chinese community, fully comply with all City contracting requirements under the Charter and the Administrative Code and qualify with their responsive bids to be designated to provide for the City's outreach advertising.

4. As noted in Attachment II, 9 of the 13 newspapers seeking to provide outreach advertising submitted bids that were considered to be non-responsive by the Purchasing Division. According to Mr. Espinoza, these 9 newspapers do not qualify to be designated to provide outreach advertising for the following reasons: (a) Hokubei Mainichi and Mo Magazine do not comply with the requirements of Chapter 12B, pertaining to Equal Benefits requirements of the Administrative Code, and Russian Life does not comply with the requirements of Chapters 12B and 12D, pertaining to the Minority/Women/Local Business Enterprise Utilization requirements of the Administrative Code, (b) the San Francisco Bay View, the Bay Area Reporter and the San Francisco Bay Times are not printed in San Francisco, as

required by Administrative Code, Article IX, Section 2.80-1, (c) El Latino, the San Francisco Spectrum and the San Francisco Bay Times are not published weekly, as required by Administrative Code, Article IX, Section 2.80-1, and (d) El Reportero, the San Francisco Spectrum and Hokubei Mainichi submitted their bids late.

5. According to Mr. Ted Lakey of the City Attorney's Office, the Board of Supervisors is authorized to and has previously designated newspapers to provide outreach advertising even though such newspapers do not comply with all contracting requirements under the City's Charter and the Administrative Code.

6. The following seven newspapers were designated as outreach advertising newspapers for FY 2000-2001: El Reportero and El Latino for the Hispanic/Latino community; the Chinese Times and Asian Week for the Chinese community; the San Francisco Bay View for the African American community; and the San Francisco Spectrum and the San Francisco Bay Times for the Lesbian/Gay/Bisexual/Transgender community.

7. At the meeting of May 30, 2001 the Finance Committee requested the Purchasing Division to provide additional information regarding the selection of the outreach advertising newspapers, including the estimated cost if other newspapers, in addition to the two newspapers recommended by the Purchasing Division, were designated to provide outreach advertising. As stated in the attached letter dated August 1, 2001 from Ms. Judith Blackwell of the Purchasing Division to the Clerk of the Board of Supervisors (Attachment I), the maximum estimated cost of outreach advertising for Fiscal Year 2001-2002 would be $206,067 if the Board of Supervisors were to designate all 13 newspapers which submitted bids to provide outreach advertising. Attachment III, provided by the Purchasing Division, includes a suggested budget for $206,067 for the 13 newpapers which submitted bids.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

City and County of San Francisco

Willie Lewis Brown, Jr.
Mayor

Purchasing Department

Judith A. Blackwell
Director

August 1, 2001

To: Gloria Young
Clerk of the Board
San Francisco Board of Supervisors

Through: Judith A. Blackwell
Director of Purchasing
Purchasing Department

From: Michael D. Ward
Assistant Director of Purchasing
Purchasing Department

Subject: Designating Official and Outreach Newspapers for FY 2001-2002

The Purchasing Division is writing this letter in response to inquiries from members of the Finance Committee with regards to the designation of newspapers for official and outreach advertising services for Fiscal Year 2001-2002.

Official Advertising - Type 1 Consecutive Day

Purchasing solicited but did not receive bids for Type 1 Consecutive Day Advertising. However, the San Francisco Chronicle offered its services to the City at a bulk contract rate of $8.42 per line.

The Chronicle meets the Administrative Code requirements for an official newspaper, including circulation of 50,000 per week, consecutive day publication and is printed in the City. However, the Chronicle is not compliant with Chapter 12B of the Administrative Code.

A sole source contract with the Chronicle is a viable option because this is an instance when no bids were received, there are no qualified newspapers that are in compliance with Chapter 12B and the contract is essential to the City and its residents. With regards to Chapter 12B, the Purchasing Division will request a waiver from the Human Rights Commission.

The following is the estimated advertising costs for Type 1 Consecutive Day Advertising for FY2000-01 and FY2001-2002.

	Examiner FY 2000-2001	Chronicle Offer FY 2001-2002
Cost Per Line	$2.46	$8.42
Estimated annual cost:	$38,890	$133,114
Annual Cost Increase:		$ 94,224
Percent Increase:		243%

City Hall, Room 430 1 Dr. Carlton B. Goodlett Place Tel. (415) 554-6743 Fax (415) 554-6717 San Francisco CA 94102-4685
Home Page: www.ci.sf.ca.us/purchase/ Recycled paper E-mail: Purchasing@ci.sf.ca.us

The contract rate of $2.46 per line in FY 2000-2001 was based on the Examiner circulation of 108,896, accordin to the Audit Report of September 30, 1999. The circulation figures for the San Francisco Chronicle for the period ending March 31, 2001 are All Day 527,466 and Sunday 540,074.

The Chronicle's offer of $8.42 per line is a considerable saving off the open non-contract rate of $16.33 per line. rate of $8.42 per line is the equivalent of a bulk contract rate.

It should be noted that the San Francisco Examiner also expressed interest in providing its services to the City. However, the Examiner is not printed in the city as required by Article IX of the Administrative Code and has nc intention of doing so in the foreseeable future. In addition, the Examiner is not compliant with the requirements Chapter 12B of the Administrative Code.

Appended to this letter, as Exhibit A, is the draft of a resolution authorizing the Purchasing Division to negotiate sole source contract with the San Francisco Chronicle.

Outreach Advertising

The Purchasing Division solicited bids for outreach advertising and received only four responsive bids - one fro Hispanic community and three from the Chinese community.

Given the number of responsive bids received, only two communities mandated by Proposition J would have outreach advertising coverage in Fiscal Year 2001–2002. In addition, non-Prop. J communities -requested by th Board in Resolution No. 841-00, passed October 2, 2000- would not have outreach advertising coverage. These the Russian, Southeast Asian, Korean and Filipino communities.

Given that the newspapers submitting responsive bids do not adequately serve all neighborhoods, the Board mig want to authorize additional outreach advertising. As proposed, the maximum estimated cost of cost outreach advertising for Fiscal Year 2001-2002 would be $206,067. This amount depends on the number of outreach newspapers that will be authorized by the Board. The total estimated amount that will be available in the Outre h Advertising Fund in Fiscal Year 2001-2002 is $241,392. Should the Board elect to authorize the proposed additional advertising, community coverage would be as follows:

Community	Outreach Newspaper
Hispanic/Latino:	El Mensajero El Latino El Reportero
Chinese	China Press Chinese Times AsianWeek
African American	San Francisco Bay View
Lesbian/Gay/Bi-sexual/Transgender	Spectrum Bay Area Reporter S.F. Bay Times

Letter to Gloria Young
August 1, 2001
Page 3

Community	Outreach Newspaper
Russian	Russian Life
Southeast Asian	Mo Magazine
* Japanese	Hokubei Mainichi

* Not requested by the Board in Resolution No. 841-00.

Appended to this letter, as Exhibit B is the draft of a resolution designating outreach advertising newspapers and authorizing the Purchasing Division to execute contracts with the designated periodicals. The Purchasing Division requests that this item be treated as an Amendment of the Whole and calendared for the Finance Committee meeting of August 8, 2001.

On file, is a resolution (File No. 01-0867) designating the China Press to be outreach newspaper of the City and County of San Francisco for the Chinese community, and El Mensajero to be outreach newspaper of the City and County of San Francisco for the Hispanic community, for outreach advertising for the fiscal year ending June 30, 2002. On 05/30/01, the Finance Committee continued this item. And on 07/18/01, the Committee again continued the item, to the Call of the Chair.

The Purchasing Division's contact persons for File No. 01-0867 and the proposed Amendment of the Whole, and official advertising resolution are:

Mike Ward	554-6740
Luis Espinoza	554-6736

Please, advise if the Board needs additional information before the Finance Committee or Full Board meeting. The Purchasing Division looks forward to reviewing this matter with the Board.

Exhibits:

A. Resolution - Official Advertising
B. Resolution – Outreach Advertising

cc Harvey Rose, Budget Analyst

Exhibit A

Resolution

Bid Evaluation
(as per Contract Proposal No. 95305, Sec. 59)
Contract Proposal No. 95305
Outreach Advertising

	Hispanic *			Chinese			African-American	Lesbian/Gay/Bi-sexual/Transgender		
	El Reportero	El Latino	El Mensajero	China Press	Chinese Times	AsianWeek	Bayview	Spectrum	Bay Area Reporter	SF Bay Times
Advertising Price	15.00	13.50	7.50	14.10	15.00	7.65	15.00	15.00	3.90	2.40
Circulation	5.70	2.80	10.00	10.00	3.60	8.20	10.00	1.90	10.00	5.50
Newspaper Cost to Public	5	5	5	0	0	5	5	5	5	5
Local/Minority/Woman Ownership (Prop. J)										
Locally Owned/Operated	2	2	2	0	2	2	2		2	2
Minority Ownership	2	2	2	2	2	2	2		0	0
Woman-Owned		2	0	0	0	2			0	2
Foreign Language Publication	5	5	5	5	5	0	0	0	0	0
MBE/WBE/LBE Chap. 12D	3.47	3.23	0	0	0	0	3.40	0	0	0
TOTAL POINT SCORE	38.17	35.53	31.50	31.10	27.60	26.85	37.40	21.90	20.90	16.90
Bid Status:	Non-responsive Late bid: Received 5/1/01	Non-responsive: publish bi-week	Responsive	Responsive	Responsive	Responsive	Non-responsive: not printed in S.F.	Non-responsive: Late Bid: 5/2/01 publish monthly	Non-responsive: not printed in S.F.	Non-responsive: not printed in S.F. publish bi-week
	Complies with Chap. 12B & D	Complies with Chap. 12B & D	Complies with Chap. 12B & D	Complies with Chap. 12B & D	Complies with Chap. 12B & D	Complies with Chap. 12B & D		Complies with Chap. 12B & D	Complies with Chap. 12B & D	Complies with Chap. 12B & D
On Contract for FY 2000-01	yes	yes			yes	yes	yes	yes		yes
Estimated Expenditures	$28,814	$10,168			$7,292	$24,576	$6,040	$9,552		$24,263

* Responsive and non-responsive bids are evaluated for the purpose of ranking bids for the Hispanic community

Source: Purchasing Division

Bid Evaluation
(As per Contract Proposal No. 95305, Sec. 59)

Contract Proposal No. 95305
Outreach Advertising
Bids for Non-Prop. J Communities

	Japanese	Vietnamese	Russian
	Hokubei Mainichi	Mo Magazine	Russian Life
Advertising Price	15.00	15.00	15.00
Circulation	10.00	10.00	10.00
Newspaper Cost to Public	0	0	0
Local/Minority/Woman Ownership (Prop. J)			
Locally Owned/Operated		2	2
Minority Ownership		2	0
Woman-Owned		0	0
Foreign Language Publication	5	5	5
MBE/WBE/LBE Chap. 12D	0	0	0
TOTAL POINT SCORE	30.00	34.00	32.00
Bid Status:	Non-responsive Late Bid: received 4/23/01 Incomplete Bid	Non-responsive	Non-responsive: Incomplete Bid
	Not compliant: Chap. 12B	Not compliant Chap. 12 B	Not compliant Chap 12B & D

These communities are not included as "Outreach Communities" in Section 2.80-1 (b) of the Administrative Code. However, in response to the wish expressed by the Board in Resolution No. 841-00, passed October 2, 2000, Purchasing sent invitations to bid to newspapers in the Russian, South East Asian, Korean and Filipino communities.

Outreach Advertising Services	
Estimated Cost	
Fiscal Year 2001-2002	
Hispanic	
El Reportero	$28,814
El Latino	$13,866
El Mensajero	$33,387
Chinese	
China Press	$16,943
AsianWeek	$28,672
Chinese Times	$7,292
Gay/Lesbian/Bi-sex/Transgender	
Spectrum	$9,552
Bay Reporter	$10,263
S.F. Bay Times	$24,263
African American	
San Francisco Bay View	$7,015
Vietnamese	
Mo Magazine	$3,744
Russian	
Russian Life	$3,536
Japanese	
Hokubei Mainichi	$18,720
Total All Communities	$206,067

Estimate based on estimated number for FY2001-02 multiplied by the cost per line in bid for FY2001-02

Source: Purchasing Division

Item 2 – File 01-1384

Department: Airport Commission

Item: Resolution approving the Controller's certification that shuttle bus services for (a) the San Francisco International Airport's Long-Term Parking lot, (b) the employee garage, and (c) surface Lot DD can continue to be practically performed by a private contractor at a lower cost than if such work were performed by City and County employees.

Services to be Performed: Shuttle Bus Services at San Francisco International Airport (SFO).

Description: Charter Section 10.104 provides that the City may contract with private firms for services which can be performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for the Airport shuttle bus services for FY 2001-2002 would result in estimated savings as follows:

City-Operated Service Costs	Lowest Salary Step	Highest Salary Step
Salaries	$3,241,293	$4,486,833
Fringe Benefits	967,763	1,160,562
Total	$4,209,056	$5,647,395
Estimated Total Contract Cost	4,297,608	4,297,608
Estimated Savings	($88,552)	$1,349,787

Comments:

1. Shuttle bus services consist of providing free ground transportation to airline passengers between the terminals and long-term parking lot (Lot D), and to Airline and Airport employees between the terminals and the Airport's employee parking garage and employee parking lot (Lot DD).

2. Shuttle bus services for San Francisco International Airport were first certified as required by Charter Section 10.104 in FY 1974-75 and have been contracted out continuously since then.

3. According to Mr. Daniel Pino of the Airport, the Airport awarded a ten-year contract for the operation of shuttle bus services to SFO Shuttle Bus Company, effective January 1, 1998. The proposed resolution would approve the Controller's certification for the fourth full fiscal year of the ten-year contract, from July 1, 2001 through June 30, 2002.

4. The Budget Analyst notes that the Controller has determined that the Contractual Services Cost would be $1,349,787 less costly to perform when compared to the City employees at the highest salary step, but would be $88,552 more expensive when compared to the City's lowest salary step employees, as shown above. According to Mr. Joe Matranga of the Controller's Office, the estimate of City-Operated Service Costs at the lowest salary step of $4,209,056 was calculated using a new trainee rate for Transit Operators for six months combined with the rate for a first salary step Transit Operator for six months. Mr. Matranga estimates that the actual cost of service if performed by City employees would be closer to the estimate of City-Operated Service Costs at the highest salary step of $5,647,395 because it would not be feasible to hire all Transit Operators for the shuttle bus service at the lower trainee rate. Therefore, Mr. Matranga advises that the Controller's Office has certified that the proposed Contractual Services Cost is less costly than if similar work were performed by City and County employees.

5. The Contractual Service Cost used for the purpose of this analysis is based on the SFO Shuttle Bus Company's

proposed contract for FY 2001-2002 to provide the shuttle bus service at the Airport, according to Mr. Pino.

6. The Controller's supplemental questionnaire with the Department's response is attached to this report.

Recommendation: Approve the proposed resolution.

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

Department:	Airport Commission
Contract Services:	Airport Shuttle Bus Services
Contract Period:	July 1, 2001 to June 30, 2002

1) Who performed the activity/service prior to contracting out?
With construction of the Remote Public Parking Facility in 1975, shuttle bus service was initiated by contract. Prior to 1975, the area was utilized as a small lot for SFIA employee parking. An employee van service was provided by Airport Parking Management (APM).

2) How many City employees were laid off as a result of contracting out?
None (See #1)

3) Explain the disposition of employees if they were not laid off.
N/A (See #1)

4) What percentage of City employees' time is spent on services to be contracted out?
N/A (See#1)

5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?
Since 1975. The current contract commenced on January 1, 1998 for a 10-year period with up to five additional one-year options.

6) What was the first fiscal year for a Proposition J certification: Has it been certified for each subsequent year?
1974-1975. Yes, it has been certified each year since.

7) How will the services meet the goals of your MBE/WBE Action Plan?
Although this contract was not awarded to a MBE/WBE firm in 1996, it must adhere to the City's non-discrimination ordinance contained in Chapters 12B & 12C of the City's Administrative Code. This contract also contains MBE/WBE goals, which the Contractor must meet.

8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if not required, are health benefits provided?
The contract does not require health insurance. However, the contractor provides health insurance for its employees per a labor agreement.

9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?
The contractor provides benefits to spouses and domestic partners.

Department Representative: Duke Briscoe, Deputy Airport Director - Operations

Telephone Number: (650) 821-5010

H:DPino/WPDOCs/05033A9.DP1

Item 3 – File 01-1272

Note: This item was transferred to the Finance Committee by the Housing, Transportation and Land Use Committee at its meeting of July 26, 2001.

Department: Municipal Transportation Agency (MTA)

Item: Resolution approving an award of a Municipal Railway consulting contract for Quality Assurance and Construction Management Services for Phase I of the Third Street Light Rail Transit Project, to Sverdrup Civil, Inc. for an amount not to exceed $16,000,000 and for a term not to exceed 5 years.

Amount: Not to exceed $16,000,000.

Contract Term: Not to exceed five years from the effective date of the subject contract (see Comment 3).

Source of Funds: Proposition B Sales Tax Revenue administered by the San Francisco Transportation Authority and budgeted in the MTA Capital Budget.

Description: On July 3, 2001 the Municipal Transportation Agency Board of Directors awarded a consulting contract through a Request for Proposal (RFP) process to Sverdrup Civil Incorporated (Sverdrup) for the Third Street Light Rail Transit Project (Third Street Project), Phase I, for an amount not to exceed $16,000,000 and for a term not to exceed five years, subject to Board of Supervisors and Civil Service Commission approval. According to Mr. Ben Leung from MTA, no work on the proposed contract has begun and no costs have been incurred. The Third Street Project consists of a new 7.1-mile light rail line, to be constructed in two phases, and a new light rail maintenance, operations and storage facility, Muni Metro East Facility (MME), to be located on Illinois Street between 25th Street and Cesar Chavez Street. Phase I of the Third Street Project consists of a 5.4 mile extension of the Muni light rail system beginning at the Caltrain station at 4th and King Streets, and running south along 4th Street, Owens Street, Third Street, and Bayshore Boulevard to a terminal adjacent to the Caltrain Bayshore Station near Bayshore Boulevard east of Sunnydale Avenue. MTA would manage construction of

the Project, and MTA and the Department of Public Works (DPW) would provide construction management staff and services. In addition to in-house construction management provided by MTA and DPW, under the terms of the proposed consulting contract, Sverdrup would provide quality assurance and additional construction management services for the Third Street Project (See Comment 1).

On Page 1 of Attachment I, Mr. Leung states, "Having looked within the City for available and qualified CM [construction management] personnel and for services to support the Project, Muni determined that supplemental consultant personnel and services would be needed where the City either lacks available personnel or expertise, or in case when DPW could not provide timely surveying and testing services."

Mr. Leung further states, "Instead of hiring consultant CM services, Muni could hire additional in-house personnel but found it problematic for the following reasons:

1. The duration for the Project is relatively short. The Project is essentially a spike in our normal construction workload. Hiring additional Muni staff for short durations and then letting them go later would be difficult because:
   a) There will be few applicants interested in the positions.
   b) Short-term employees will feel less committed to their jobs.
   c) It will be difficult to retain temporary employees toward the end of the Project because they will seek employment elsewhere before they are let go.
   d) It is also difficult to retain temporary employees because they will most likely quit as soon as they find more stable employment.
   e) Letting staff go is bad for morale.

2. The engineering labor market is very tight right now and is expected to remain this way in the next few years. It would be difficult for us to hire

qualified short-term CM employees to fill these temporary vacant positions.

3. For certain positions such as estimating, scheduling, Project Controls Manager and Resident Engineer for the vehicle maintenance and storage facility, the City's salary structure would not be competitive with prevailing market conditions in order to attract qualified individuals to these positions.

4. Certain CM services are specialty services such as weld testing and utility locating services which require special equipment and which services are not needed on a regular full-time basis. These services should be provided by consultants.

5. Under Federal Transit Administration guidelines, independent quality assurance (QA) is required for construction projects; therefore, Muni will need to obtain independent consultant support to provide QA services."

Mr. Leung also states, "Muni concluded that supplemental QA and CM services would be needed to support the Project. The consultant personnel would be employed on an as-needed basis when it is determined by Muni at the actual time of need that City staff could not fill the vacancies."

Page 6 of Attachment I, lists the Scope of Quality Assurance (QA) and Construction Management (CM) Consulting Services to be provided by Sverdrup and its subcontractors under the proposed contract.

Approval of the proposed resolution would authorize MTA to enter into the subject contract (Contract No. CS-132) with Sverdrup, for an amount not to exceed $16,000,000 and a term not to exceed five years.

Budget:

The proposed summary budget for FY 2001-2002, for a total contract amount in FY 2001-2002 of $3,618,945, is as follows:

Start-up costs, including equipment purchase	$414,372
Outreach	44,080
Technical Services	303,333
Labor, including 7 percent profit	2,857,160
Total	$3,618,945

Attachment II, provided by MTA, provides additional budget details for each of the five years of the proposed contract, totaling $16,000,000.

Comments:

1. As previously noted, the proposed contract provides that Sverdrup would provide quality assurance and construction management services. In addition to Sverdrup serving as the prime contractor, the proposed contract includes 10 subcontractors for a total of 11 firms providing services under the contract. Attachment III, provided by MTA, lists the prime contractor, Sverdrup, the names of the subcontractors, the total estimated amounts to be allocated to Sverdrup and to each subcontractor, the tasks to be undertaken by Sverdrup and each subcontractor and the related hourly rates. According to Mr. Leung, depending on need, additional subcontractors might be utilized but in no event would the proposed contract exceed $16,000,000.

2. As shown in Attachment I, the MTA received seven proposals. Attachment I also describes the process of selecting the consultant.

3. Mr. Leung advises that, as of the writing of this report, Muni anticipates completing Phase I of the Third Street Project within 4 years of approval of the subject contract even though the terms of the subject contract permit up to five years to complete Phase I.

4. Payment for services provided under the subject contract will be on a reimbursement basis. Therefore, Sverdrup must provide to MTA all invoices, in a form acceptable to the Controller, in order to be reimbursed for such expenditures on Phase I of the Third Street Project.

5. Mr. Leung advises that total estimated Third Street Project costs, including the subject $16,000,000 for the construction management contract with Sverdrup, are $519,000,000, to be funded by San Francisco Transportation Authority ($403,000,000), and State and Federal monies ($116,000,000).

Recommendation: Approve the proposed resolution.

MUNI CONSTRUCTION DIVISION • THIRD ST. LIGHT RAIL TRANSIT PROJECT

1145 Market St., 5th Fl. • San Francisco, CA 94103-1545 • Fax: (415) 554-3176

MEMORANDUM

August 1, 2001

To: Maureen Singleton,
Board of Supervisor – Budget Analyst Office

From: Ben Leung
Project Manager

Subject: QA & CM Consultant Contract CS-132
Consultant Procurement Information

Project Description

Phase I of the Third Street Light Rail Transit Project (Project) consists of 5.4 miles of light rail extension from 4th and King to Bayshore and Sunnydale. As part of this Project, a light rail vehicle maintenance and storage facility will be built at Illinois and 25th Streets. The construction cost for Phase I of this Project is estimated at $300 million. There will be 10 construction contracts and 2 procurement contracts, with construction anticipated to start in December of 2001 and to complete in 2005.

Reasons for Procuring Consultant Support

In order to manage and administer all these contracts, Muni put together a construction management (CM) organization chart as shown in Attachments A. Muni then assessed the available, qualified Muni staff whom could fill some of these positions. Muni also consulted the CM divisions of the Department of Public Works (DPW) and the Utilities Engineering Bureau (UEB) to inquire about CM staffing and service support. DPW responded that due to their other planned projects, they could provide about 5 CM personnel along with other support services such as hazardous material monitoring, surveying, and materials testing to the Third Street Project. UEB could not provide any CM personnel to the Project. The CM positions to be staffed by Muni is denoted as "M" underneath the positions on the organization chart in Attachment A-1. Positions to be staffed by DPW are denoted as "D".

Having looked within the City for available and qualified CM personnel and for services to support the Project, Muni determined that supplemental consultant personnel and services would be needed where the City either lacks available personnel or expertise, or in case when DPW could not provide timely surveying and testing services. These consultant services are denoted as "C" in the organization chart. Their scope of services is summarized in Attachment B.

Instead of hiring consultant CM services, Muni could hire additional in-house personnel but found it problematic for the following reasons:

1. The duration for the Project is relatively short. The Project is essentially a spike in our normal construction workload. Hiring additional Muni staff for short durations and then letting them go later would be difficult because:

   a) There will be few applicants interested in the positions.
   b) Short-term employees will feel less committed to their jobs.
   c) It will be difficult to retain temporary employees toward the end of the Project because they will seek employment elsewhere before they are let go.
   d) It is also difficult to retain temporary employees because they will most likely quit as soon as they find more stable employment.
   e) Letting staff go is bad for morale.

2. The engineering labor market is very tight right now and is expected to remain this way in the next few years. It would be difficult for us to hire qualified short-term CM employees to fill these temporary vacant positions.

3. For certain positions such as estimating, scheduling, Project Controls Manager, and Resident Engineer for the vehicle maintenance and storage facility, the City's salary structure would not be competitive with prevailing market conditions in order to attract qualified individuals to these positions.

4. Certain CM services are specialty services such as weld testing and utility locating services which require special equipment and which services are not needed on a regular full-time basis. These specialty services should be provided by consultants.

5. Under Federal Transit Administration guidelines, independent quality assurance (QA) is required for construction projects; therefore, Muni will need to obtain independent consultant support to provide QA services.

Muni concluded that supplemental QA and CM services would be needed to support the Project. The consultant personnel would be employed on an as-needed basis when it is determined by Muni at the actual time of need that City staff could not fill the vacancies.

Chronology of Consultant Selection Process

On June 20, 2000, the Board of Municipal Transportation Agency (MTAB) approved a resolution to issue a Request for Proposal to procure professional QA and CM consultant services. Below is a chronology of the Consultant Selection Process.

6/20/00	Under Resolution 00-070, MTAB approved a request to advertise an RFP for Contract CS-132, Quality Assurance and Construction Management Services for the Project, to receive proposals, to select a Consultant, and to negotiate a contract with the selected Consultant for a term of up to five years and for an amount not to exceed $16,000,000. The DBE goal was established as 15%.
8/21/00	Advertised RFP for CS-132.

8/22/00	Faxed advertisement of RFP to over 100 prospective consultant firms, mostly DBE firms.
8/28/00	Conducted a conference for proposers to discuss the conflict-of-interest conditions established for CS-132.
9/7/00	Conducted Pre-proposal Conference and issued minutes of the 8/28/00 conference.
9/7/00	Issued Addendum No. 1 to revise the DBE goal from 15% to 30%, and to extend the proposal due date from 9/22/00 to 9/29/00.
9/14/00	Issued Addendum No. 2 to reduce the scope of work for supplemental constructibility review and engineering design review and to list additional reference documents available for review. Also issued minutes of the Pre-proposal Conference.
9/25/00	Issued Clarification and Information for RFP Holders which listed several questions received from proposers and responses given.
9/29/00	Received seven proposals from the following firms: 1. Don Todd Associates, Inc. association with Carter & Burgess 2. F.E. Jordan Assc. in joint venture with Turner Construction Co., and in association with HNTB 3. Kal Krishnan Consulting Services, Inc. 4. Parsons Brinkerhoff Construction Services, Inc. in joint venture with Cornerstone Transportation Consulting 5. Sverdrup Civil, Inc. in joint venture with Primus Industries, Inc. 6. Third St. Light Rail Partnership, a joint venture of URS/O'Brien Kreitzberg, SYSTRA Consulting, Cooper Pugeda Management, Mendoza & Assc., and MSE Group 7. KCA Engineers, Inc.
10/3/00	KCA wrote to withdraw their proposal because they did not submit a complete proposal.
10/4/00	Conducted orientation of the consultant selection process for CS-132 with the Consultant Selection Committee members including representatives from the Contract Compliance Office (CCO) and the Contract Administration Section.
10/10 & 10/11/00	Selection Committee met to discuss strengths and weaknesses of the six responsive proposals received, and to score each proposal.
10/16/00	Received CCO's review of the raw scores and the ranking of the proposals.

10/18/00 Sent letters out to all proposers informing them whether they made the shortlist for the presentation and interview process or not. Of the six firms, Kal Krishnan did not make the shortlist.

10/30 & 10/31/00 Conducted presentation and interviews for each of the five shortlisted firms. Discussed strengths and weaknesses of each proposer. Proposers submitted sealed cost proposals.

11/1/00 Completed discussion of strengths and weaknesses and scoring of each proposer.

11/8/00 Received CCO's review of the raw scores and the ranking of the proposers, showing the joint venture team of Sverdrup-Primus as the highest ranking firm.

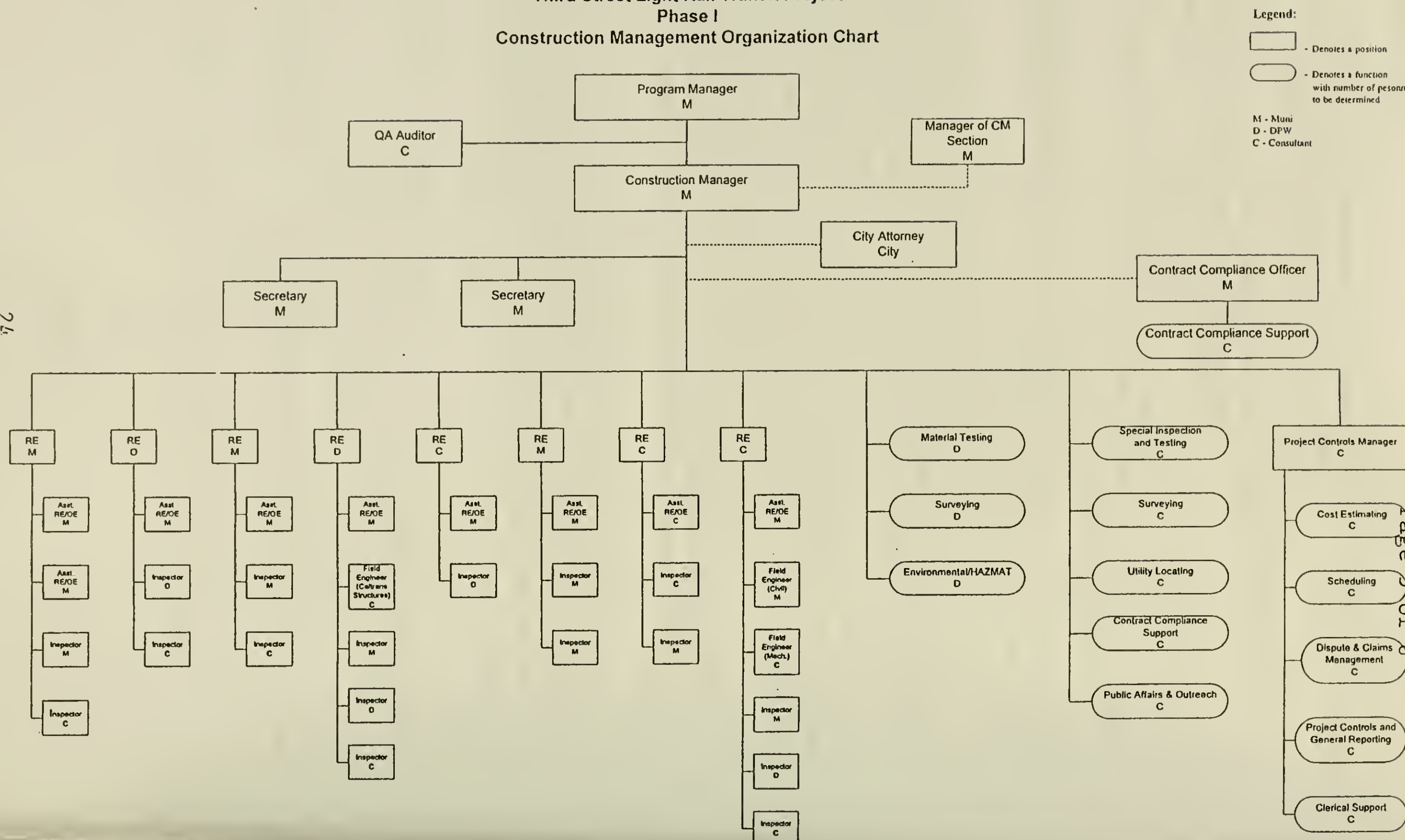
After receiving CCO's confirmation of the selection process, Muni opened Sverdrup-Primus' cost proposal and began negotiations with Sverdrup-Primus. (Note that according to the Little Brooks Act, selection of professional consultant shall be based on qualifications and not on cost; therefore, Muni could not open the sealed cost proposals of the other proposers. If Muni was not successful in negotiating a contract with Sverdrup-Primus, then we could open the proposal from the next highest ranking firm and commence negotiation with that firm.) In an effort to reduce cost for the contract, Primus offered to become a subconsultant to Sverdrup instead of being a partner of the joint venture. In so doing, Primus will not have to obtain additional insurance coverage to meet contract requirements. Only Sverdrup will be required to provide the necessary insurance coverage to meet contractual requirements. Although Primus will be a subconsultant, they will still act in the same management capacity as a partner would in a joint venture as evident by the Joint Association Agreement as shown in Exhibit I of the Agreement between Sverdrup and Muni.

On June 20, 2001, Sverdrup-Primus and Muni consummated the negotiation process with Sverdrup signing a professional services agreement. On July 3, 2001, under Resolution Number 01-080, the MTAB approved the award of the QA and CM Contract to Sverdrup. The Agreement is awaiting approval from the Board of Supervisors and the Civil Service Commission.

encl: Atthmt A & B

cc: M522.2.311

Attachment A-1
Third Street Light Rail Transit Project
Phase I
Construction Management Organization Chart



ATTACHMENT B

SCOPE OF QA & CM CONSULTANT SERVICES

Task	Description
1	Project Administration and Management
2	Independent Quality Assurance
3	Resident Engineers
4	Assistant Resident Engineer / Office Engineer
5	Construction Inspectors or Field Engineers
6	Project Controls Manager
7	Schedule Analysis
8	Cost Estimating
9	Dispute and Claims Management
10	Project Controls and General Reporting
11	Clerical Support
12	Public Affairs and Outreach
13	Contract Compliance Support
14	As-needed Estimating Support
15	Financial Auditing
16	Surveying
17	Special Inspection and Testing
18	Utility Locating Services

Attachment II

	FY 2001-2002	FY 2002-2003	FY 2003-2004	FY 2004-2005	FY 2005-2006	Total Proposed Expenditures
Startup funding, with equipment purchase	414,372	-	-	-	-	414,372
Outreach funding, divided over 4 years	44,080	44,080	44,080	44,080	-	176,320
Technical Services & Misc Div over 3 years	303,333	303,333	303,333	-	-	910,000
Labor including 8% profit	2,857,160	4,443,973	4,074,057	2,202,133	759,667	14,336,991
Rounding Allowance ($16,000,000-$15,837,683)	-	-	-	162,317	-	162,317
	3,618,945	4,791,386	4,421,470	2,408,530	759,667	16,000,000

Provided by MTA July 17, 2001

CS-132 QA & CM Contract for Third St. Light Rail Transit

Contract Value By Firms
6/1/01

Firm	Value	Percentage	DBE
Sverdrup Civil, Inc.	$4,182,421	27.6%	
The Allen group	$1,799,653	11.9%	11.9%
Geotopo Inc.	$100,000	0.7%	0.7%
Ghiradelli Engineering	$761,772	5.0%	5.0%
Inspection Consultants, Inc.	$300,000	2.0%	(pending)
KJM & Associates	$887,754	5.9%	
Primus Industries, Inc.	$3,223,645	21.2%	21.2%
Don Schluter; Yano & Assc.	$185,000	1.2%	
Subtronics Corp.	$125,000	0.8%	
Summit Associates	$1,942,422	12.8%	12.8%
Washington Infrastructure	$1,665,718	11.0%	
Subtotal	$15,173,385	100.0%	51.6%
Escalation	$826,615		
Total	$16,000,000		

ATTACHMENT III

CS-132, QA & CM Consultant Contract
Basis of Compensation
6/1/01

Task No.	Position/Cost Item	Name of Consultant Personnel	Company	Maximum Labor Rate w/ Markups	Work Days	Extension
1	Software Support	Perry Peterson	Sverdrup Civil, Inc.	$153.01		$48,962
1	Project Accountant	Sandy Su	Sverdrup Civil, Inc.	$88.63		$42,541
1	Project Manager	Michael Perez	Sverdrup Civil, Inc.	$161.41		$77,477
2	QA Auditor	J. Haimaker	KJM & Associates	$126.10	880	$887,754
3	RE	TBD	Ghiradelli Engineering	$96.47	455	$351,133
3	RE	Karen Chew	Sverdrup Civil, Inc.	$93.75	560	$419,879
3	RE	Bill Tsiforas	Sverdrup Civil, Inc.	$123.08	625	$615,384
4	Asst RE	TBD	Washington Infrastructure	$85.60	560	$383,491
5	Inspector	Yann Zsuffy	The Allen group	$90.25	520	$375,427
5	Inspector	TBD	Summit Associates	$82.13	540	$354,792
5	Inspector	Dante Padiernos	Sverdrup Civil, Inc.	$77.94	540	$336,705
5	Inspector	TBD	Washington Infrastructure	$82.13	665	$436,920
5	Caltrans FE	Andrew Kliaber	Sverdrup Civil, Inc.	$95.36	665	$507,292
5	Inspector	TBD	Washington Infrastructure	$89.17	560	$399,470
5	Field ME	TBD	Washington Infrastructure	$89.17	625	$445,837
5	Inspector	TBD	Ghiradelli Engineering	$82.13	625	$410,638
6	PCM	Dave Halligan	Sverdrup Civil, Inc.	$121.65	1088	$1,058,845
7	Scheduling	TBD	Primus Industries, Inc.	$98.92	900	$712,235
7	Scheduling	Yong Lee	Summit Associates	$100.90	850	$686,120
8	Cost Estimating	TBD	Primus Industries, Inc.	$96.62	840	$649,293
8	Cost Estimating	TBD	Primus Industries, Inc.	$87.42	840	$587,456
9	Dispute & Claims Mgmt	William Andrew	Sverdrup Civil, Inc.	$115.03	175	$161,035
10	PC & Genl Reporting	Xia Hua Ye	Primus Industries, Inc.	$88.48	1000	$707,818
10	PC & Genl Reporting	TBD	Primus Industries, Inc.	$80.52	880	$566,843
11	Clerical Support	TBD	Summit Associates	$53.97	1088	$469,753
11	Clerical Support	TBD	Summit Associates	$53.97	1000	$431,758
12	Public Affairs & Outreach	Velma Garcia	The Allen group	$71.47	900	$514,618
12	Public Affairs & Outreach	Intern	The Allen group	$50.76	880	$357,315
13	Contract Compl Supp	Ruby Smith	The Allen group	$76.71	900	$552,293
14	As-needed Estim Supp		Sverdrup Civil, Inc.			$188,916
15	Financial Auditing		Don Schluter, Yano & Assc.			$185,000
16	Surveying		Geotopo Inc.			$100,000
17	Spec Inspection & Testing		Inspection Consultants, Inc.			$300,000
18	Utility Locating		Subtronics Corp.			$125,000
	.					
	Fixed Fee (Tasks 14-18)		Sverdrup Civil, Inc.			$27,284
	Computers & Software		Sverdrup Civil, Inc.			$300,000
	Outreach Expense		Sverdrup Civil, Inc.			$200,000
	Misc ODC		Sverdrup Civil, Inc.			$200,000
				Present Val Total		$15,173,385
				Approx. Escalation		$826,615
				Approx Escal Total		$16,000,000

Item 4 – File 01-1009

Note: This item was continued by the Finance Committee at its meeting of July 18, 2001.

Department: Municipal Transportation Agency

Item: Resolution approving the incentive fee amount of $409,901 for the Booz-Allen and Hamilton contract (CS-128) for Muni Metro service improvements for payment of incentive fees under San Francisco Municipal Railway Contract No. CS-128 with Booz-Allen and Hamilton and authorizing the release of $239,126 currently held in reserve.

Amount: $409,901 (see Comment 10)

Source of Funds: $239,126 in FY 1998-1999 funds previously reserved by the Board of Supervisors in the MTA budget, plus $170,775 in the FY 2000-2001 MTA budget, totaling $409,901 (see Comment 10).

Description: The proposed resolution would authorize the Municipal Transportation Agency (MTA) to pay an incentive payment to Booz-Allen and Hamilton (Booz-Allen) of $409,901, for the work performed by Booz-Allen to have the Municipal Railway (Muni) meet performance goals outlined in the Muni Metro Recovery contract with Booz-Allen. This resolution would also authorize the release of $239,126 in funds previously reserved by the Board of Supervisors to partially fund the proposed incentive payment.

In November of 1998, Booz-Allen was awarded a $4,440,909 Muni Metro Recovery contract for the 13-month period from December 2, 1998 through December 31, 1999. In December of 1998, the Board of Supervisors approved funds for the Muni Metro Recovery contract as part of a larger supplemental appropriation of $14,784,305 for Muni (File 98-2010)[1]. When the supplemental appropriation was approved, the Board of

[1] The total supplemental appropriation of $14,784,305 included 7-months of funding for the period from December 2, 1998 through June 30, 1999 for the Booz-Allen contract ($2,630,000); technical services and supplies for the Boeing and Breda LRVs ($1,988,308); 8 new Muni positions, plus materials and supplies ($5,066,408); and budgetary offsets for decreased passenger fare revenues and Muni payments to BART ($5,099,589).

Supervisors reserved $239,126 for incentive payments under the contract with Booz-Allen.

Under the terms of the contract, Booz-Allen would receive an incentive payment equal to 10 percent of the actual costs incurred by Booz-Allen if Muni were to meet four performance measures for each of three successive target periods (March 3, 1999 to April 1, 1999; April 30, 1999 to May 29, 1999; and August 30, 1999 to September 28, 1999). Total incentive payments to be made to Booz-Allen for the three dates were not to exceed a maximum of $409,901. If Muni were to sustain the service improvement goals until the end of the contract (December 31, 1999) as a result of the contract work performed by Booz-Allen, the total incentive payment to be made to Booz-Allen was to increase from $409,901 to $888,182, or 20 percent of the total Booz-Allen contract amount of $4,440,909. The maximum incentive payment to Booz-Allen would have been $888,182 and the total maximum contract amount would have been $5,329,091 ($4,440,909 plus $888,182 in incentive payments).

The Muni Metro Recovery contract with Booz-Allen was intended to address Muni Metro Light Rail Vehicle (LRV) service problems, including service delays and line failures. The contract provided that Booz-Allen would:

(a) establish a Muni Action Team to be responsible for meeting overall schedule and service improvement goals,
(b) provide additional training for Muni operating personnel,
(c) develop more effective failure management strategies for the Advanced Train Control System (ATCS)[2],
(d) provide regular performance information to the public,
(e) improve internal communications by installing video display terminals at various stations for Muni operations personnel, distributing daily performance data to senior management, and recommending upgrades to the existing radio system and central control facilities,

[2] The ATCS provides control of normal LRV train operations (such as acceleration and deceleration), station stops, and door operations of the subway.

(f) conduct service planning by developing an operations plan and train schedule, conducting an origin/destination study, and conducting a customer satisfaction survey,
(g) establish maintenance standards and procedures for the Breda LRVs, which replaced the Boeing LRVs,
(h) implement an emergency retrofit program for the Boeing LRVs until fully replaced by the Breda LRVs, and
(i) work with the manufacturer of the ATCS to improve operational reliability.

Under the Muni Metro Recovery contract, Booz-Allen would receive incentive payments equal to 10 percent of the costs incurred by Booz-Allen as of the dates of the target periods, not to exceed $409,901, for meeting four specific performance measures for each of three target periods. The three target periods were March 3, 1999 to April 1, 1999; April 30, 1999 to May 29, 1999; and August 30, 1999 to September 28, 1999. The four specific performance measures were:

- An increase in the number of LRVs in service each day;
- A decrease in the number of delays due to line failures resulting in significant service delays;
- A reduction in the average system delay for each line failure; and
- An increase in on-time performance.

As noted above, under the terms of the Muni Metro Recovery contract, Booz-Allen was entitled to total incentive payments not to exceed $409,901 if all four performance measures were met by Muni on each of the target dates, with a final target date of August 30, 1999 to September 28, 1999 (see Comment 2). If the performance measures were sustained by Muni until December 31, 1999, Booz-Allen was entitled to total incentive payments of $888,182, or 20 percent of the contract amount of $4,440,909.

Approval of the proposed resolution would authorize $409,901 in incentive payments to Booz-Allen, including

the release of $239,126 currently held in reserve for the incentive payments.

Comments:

1. As noted above, the subject Muni Metro Recovery contract expired on December 31, 1999. According to Mr. Vince Harris of MTA, the originally proposed incentive payment of $409,901 (see Comment 10) to Booz-Allen was a result of a negotiated agreement between the MTA and Booz-Allen.

2. The attached memorandum (Attachment), provided by MTA, explains the basis for the original four performance measures and the method for determining if the four performance measures were met by Muni during each of the three target periods. According to Mr. Harris, as a result of the work of Booz-Allen, Muni achieved all of the performance measures on the first and second target dates but not on the third target date. The following table shows the target and achieved performance measures for the three target dates:

	March 3, 1999 to April 1, 1999		April 30, 1999 to May 29, 1999		August 30, 1999 to September 28, 1999	
Performance Measures	Target	Achieved	Target	Achieved	Target	Achieved
• Number of vehicles in service each day	80	88	85	85	95	95
• Number of delays due to line failures per month	987	727	740	540	494	403
• Average system delay per line failure (1)	30 minutes	28 minutes	20 minutes	20 minutes	10 minutes	13 minutes
• On-time performance	70 %	72 %	80 %	80 %	90 %	86 %

3. Under the terms of the Muni Metro Recovery contract with Booz-Allen, Muni was required to meet the four specific performance measures for each of the three target dates in order for Booz-Allen to receive an incentive payment equal to 10 percent of the costs incurred through September 28, 1999, but not to exceed $409,901. Muni achieved the four specific target measures for the periods

from March 3, 1999 to April 1, 1999 and from April 30, 1999 to May 29, 1999, but, as shown in the table above, Muni did not achieve two of the four specific performance measures for the period from August 30, 1999 to September 28, 1999, including average system delay per line failure and on-time performance. For the target period from August 30, 1999 to September 28, 1999, the average system delay per line failure for LRVs was 13 minutes compared to a performance goal of 10 minutes, and on-time time performance was 86 percent compared to a performance goal of 90 percent.

4. However, Mr. Harris states that MTA had agreed to pay Booz-Allen incentive payments totaling $409,901 for all three target periods because Muni did not meet all of its obligations under the contract, thereby preventing Booz-Allen's work from having Muni achieve the four specific performance measures for each of the target periods. According to Mr. Harris, under the terms of the Muni Metro Recovery contract, if Muni did not satisfy Muni's responsibilities under the contract, Booz-Allen would be entitled to the 10 percent incentive payment for the target period, but not to exceed $409,901. Specifically, Muni's responsibilities were defined as: (a) to provide necessary funding for the entire service improvement program, for a duration of up to 12 months; (b) to establish blanket purchase orders with Alcatel (for the ATCS) and with Breda (for the LRVs) within 14 days; (c) to establish other purchasing arrangements with Breda, such as time and materials on-call services contracts, within 30 days; (d) to provide necessary key and support personnel; and (e) to solicit proposals from the private sector to provide additional communications and information technology such as remote operational status monitors and passenger information displays.

5. According to Mr. Harris, Muni was not able to negotiate a purchasing agreement within 14 days with Alcatel to provide engineering support and to make software changes to the ATCS. The actual purchasing agreement with Alcatel was established on March 30, 1999 or within 118 days. Mr. Harris states that the delay in negotiating an agreement with Alcatel contributed to Booz-Allen's inability to meet the average system delay per line

failure and on-time performance measures during the third target period from August 30, 1999 to September 28, 1999. Mr. Harris states that, as a result of Booz-Allen's efforts, Muni was able to meet these performance measures in the prior two target periods, from March 3, 1999 to April 1, 1999 and April 30, 1999 to May 29, 1999, because Muni was less dependent on Alcatel software upgrades.

6. According to Mr. Harris, Booz-Allen has identified two additional issues that contributed to lower performance:

(a) Muni did not negotiate a contract with Breda for time and materials on-call service contracts within 30 days, as required under the terms of the Muni Metro Recovery contract. Mr. Harris states that such a contract with Breda was established on February 5, 1999 or within 65 days.
(b) Muni was delayed in establishing a contract with Alstom for rehabilitation of the Boeing LRVs. Mr. Harris states that, although the contract with Alstom was not part of the Booz-Allen Muni Metro Recovery contract, the Alstom contract was part of the overall Muni Metro Recovery Program.

7. In addition to the Muni Metro Recovery contract with Booz-Allen, totaling $4,440,909, the Board of Supervisors appropriated $5,400,000 in order for Muni to meet its responsibilities under the Muni Metro Recovery program for the period from December 1998 through December 1999. The Muni Metro Recovery program was budgeted at $5,400,000 for expenditures for repair services for the Breda LRVs ($1,000,000), additional Breda LRV parts and services ($600,000), Breda LRV technicians ($1,000,000), Alcatel ATCS technicians ($500,000), Alcatel ATCS parts and engineering support ($1,300,000), and Boeing LRV parts ($1,000,000). Mr. Harris states that Muni met its obligations to purchase the above parts and services to support the Muni Metro Recovery program. In addition, the subject funds were expended on upgrades to Muni's Central Control Operations Room and the "Next Bus" GPS (Global Positioning System) vehicle arrival prediction pilot program.

8. According to Mr. Harris, during the 13-month term of the Muni Metro Recovery contract from December of 1998 through December of 1999, 9 additional Breda LRVs were placed in service. Mr. Harris advises that Muni staff worked jointly with Booz-Allen to achieve the four performance goals for each of the target periods, and that staff from Booz-Allen were used as an extension of Muni staff.

9. As noted previously, although Booz Allen did not achieve two of the four performance goals for the third target period from August 30, 1999 through September 28, 1999, MTA has proposed to pay an incentive payment of $409,901 to Booz-Allen under the Muni Metro Recovery contract, based upon the reported failure by Muni to negotiate agreements with Alcatel and Breda within the timelines specified by the contract, and the reported delay by Muni in establishing a contract with Alstom as part of the Muni Metro Recovery program. In addition, the Muni Metro Recovery contract with Booz-Allen provided for a total incentive payment of $888,182 (including the payment of $409,091), or 20 percent of $4,440,909, if the four performance measures achieved as of September 28, 1999, were sustained through December 31, 1999. Mr. Harris states that the four performance measures were not sustained through December 31, 1999, and as a result, MTA had proposed that Booz-Allen receive an incentive payment of $409,901, rather than the total potential incentive payment of $888,182.

10. According to Ms. Laura Spanjian of MTA, on August 1, 2001, MTA and Booz-Allen reached a new negotiated agreement to reduce the proposed incentive payment by $73,475, from $409,901 to $336,426. Therefore, approval of the proposed resolution would authorize a total incentive payment of $336,426, which is $73,475 less than the originally proposed incentive payment of $409,901. The subject resolution should be amended to provide for a reduced incentive fee amount of $336,426. The source of funds would be $239,126 in monies previously reserved by the Board of Supervisors in the MTA budget, plus $97,300 in the FY 2000-2001 MTA budget, totaling $336,426.

11. The Budget Analyst notes that the Board of Supervisors appropriated $5,400,000 for Muni expenditures in addition to the $4,440,909 contract with Booz-Allen for parts and services, including upgrades to the Central Control Operations Room and the Next Bus GPS vehicle arrival prediction pilot program, to support the Muni Metro Recovery program. Further, Muni purchased 9 new Breda LRVs, which were placed in service during the 13-month term of the subject Booz-Allen contract. Because (a) Booz-Allen did not achieve all four performance measures for the three target periods, (b) the performance measures that were achieved for the three target periods were not sustained, (c) in addition to the appropriation of $4,440,909 for the contract with Booz-Allen, the Board of Supervisors appropriated $5,400,000 for parts and services, which contributed to improved Muni service, and (d) nine new Breda LRVs were placed in service during the 13-month term of the Booze-Allen contract, the Budget Analyst considers approval of the proposed incentive payment of $336,426 to Booz-Allen to be a policy matter for the Board of Supervisors.

Recommendations:

1. Amend (a) the title of the proposed resolution, page 1, line 3, by deleting $409,901 and substituting $336,426 to state "Resolution approving the incentive fee amount of $336,426 for the Booz-Allen & Hamilton contract..."and (b) page 2, line 6, by deleting $409,901 and substituting $336,426.

2. Because of the facts cited in Comment No. 11 above, the Budget Analyst considers approval of this proposed resolution to be a policy matter for the Board of Supervisors.

SAN FRANCISCO MUNICIPAL RAILWAY • CONSTRUCTION DIVISION
1145 Market Street, Fifth Floor, San Francisco, CA 94103-1545
(415) 554-0785 Fax (415) 554-3217

To: Harvey Rose,
Budget Analyst

Through: Michael T. Burns,
General Manager
Muni

From: Vince Harris VH
Deputy General Manager
Muni Construction Division

Date: July 12, 2001

Subject: Incentive Fee Payment to Booz-Allen & Hamilton (BAH) for Contract CS-128

Introduction:

This memo is written in response to specific questions received from the Budget Analyst's Office regarding payment of the subject Incentive Fee to Booz-Allen, Hamilton on Contract CS-128.

Background:

On August 22, 1998, MUNI simultaneously implemented five major service changes in Metro Service:

1) 1st use of the Muni Metro Turnback (MMT) in revenue service;
2) Elimination of "Reverse Riders" at Embarcadero Station;
3) N-Line Through-service to CalTrain, replacing the "CalTrain Shuttle";
4) Proof-of-Payment on the N-Line; and
5) Full use of the Advanced Train Control System (ATCS) in the extended subway.

MUNI was inadequately prepared to implement these major changes in Metro service and operations. The result was a two-week period of chaos on the Metro System, which lives on in public memory as the infamous "Muni Meltdown."

Public outcry demanded an immediate solution. Within two weeks, with help and support from the Mayor's office and the Board of Supervisors, Metro service began to recover, and has been steadily improving ever since.

During the course of the crisis, Booz-Allen was engaged to provide its services as an industry expert in developing and improving transit operations. As the engineering consultant on both the ATCS contract and the Breda Light Rail Vehicle (LRV2) procurement, Booz-Allen was in a unique position to facilitate integration of those systems. Additionally, Booz-Allen had experience in transportation start-up programs worldwide, as well as an intimate knowledge of MUNI's systems and staff. The City supported this proposed approach, and directed staff to negotiate a professional services contract with Booz-Allen for the purpose of improving MUNI Metro service, to meet specific performance goals on an aggressive timetable. The Mayor also established a Muni Council of senior City officials (including the City Attorney, Controller, Purchaser, Director of Human Resources, Muni staff and Labor representatives) to oversee the progress of Metro service improvements, and to streamline City processes in realizing the goals of the Metro Improvement Program.

On November 5, 1998, the Public Transportation Commission authorized the General Manager of the San Francisco Municipal Railway to execute Contract CS-128 for Professional Consulting Services with Booz-Allen. The objectives of the consulting services under Contract CS-128 were to assist MUNI in solving several crucial problems in delivering improved passenger services. Service quality was defined in terms of 1) system ridership capacity during peak periods; 2) maximum passenger wait times; and 3) other essential quality items such as passenger information. Service improvements were quantitatively evaluated based upon specific performance metrics:

- Daily fleet in service (number of cars)
- Line failures per month
- Average system delay per line failure
- Headway management and on-time performance

Letter to Harvey Rose
Page Three
July 12, 2001

Muni Responses to Budget Analyst's Questions:

This section addresses specific questions asked by the Budget Analyst regarding Incentive Fee Payment to Booz-Allen:

1) Does the contract allow for partial payment of the Incentive Fee to Booz-Allen?

Response: The Contract does not allow for partial payment of a milestone in the Incentive package. The Contract does require that specific performance measures be achieved in order for payment to be made.

2) How were the four performance measures established for the three target periods?

Response: Booz-Allen, because of their reputation as an industry leader in transit operations and maintenance, presented a proposed level of system performance measurements that were reviewed by Muni staff, legal counsel, and the Muni Council. The consensus of these reviewers was that the performance measures proposed were acceptable, and represented targets that were in-line with industry standards.

3a) During negotiations of the Booz-Allen Contract, who determined the 14-day time line to establish a blanket Purchase Order with Breda?

Response: The 14-day time line was established jointly between staff, Booz-Allen and the Muni Council.

3b) Was the 14-day time line a short or usual time frame for establishing such a Purchase Order?

Response: This time line could be viewed as short; however, the drafters of the agreement felt it was achievable and necessary due to the urgency of the system problems. Muni assigned staff specifically to negotiate and place this work underway. However, the 14-day deadline was not achieved.

3c) How much was the incentive payment supposed to be on each of the three scheduled milestone dates?

Response: The estimated incentive payments were as follows:

- Milestone 1: March 3, 1999-April 1, 1999 - $163,051.14
- Milestone 2: April 30, 1999-May 29, 1999 - $ 63,163.35
- Milestone 3: August 30, 1999-September 28, 1999 - $183,686.35

3d) What were the actual performance measures on these milestone dates compared to the target measures?

Response: The first performance improvement milestone was measured from March 3 through April 1, 1999, and all performance improvement goals were exceeded:

- Number of cars in daily service was increased to 88, against a goal of 80 (exceeded)
- Delays per month were reduced to 727, against a goal of 987 (exceeded)
- Average duration of failures was reduced to 28 minutes, against a goal of 30 minutes (exceeded)
- On-time performance was increased to 72 percent, against a goal of 70 percent (exceeded)

The second performance improvement milestone was measured from April 30 through May 29, 1999 and all performance improvement goals were either met or exceeded:

- Number of cars in daily service was 85, against a goal of 85 (met)
- Delays per month were reduced to 540, against a goal of 740 (exceeded)
- Average duration of failures was reduced to 20 minutes, against a goal of 20 minutes (met)
- On-time performance was increased to 80 percent, against a goal of 80 percent (met)

The third performance improvement milestone was measured from August 30 through September 28, 1999 and three of the five performance improvement goals were either met or exceeded. The fifth performance goal, applied to the third milestone only, made the distinction between one and two car trains:

- Number of cars in daily service was increased to 95, against a goal of 95 (met)
- Delays per month were reduced to 403, against a goal of 494 (exceeded)
- Average duration of failures, for one-car trains, was reduced to 16 minutes, against a goal of 20 minutes (exceeded)
- Duration of failures, for two car trains, was reduced to 13 minutes, against a goal of 10 minutes (not met)
- On-time performance was increased to 86 percent, against a goal of 90 percent (not met)

The first and second milestones were met. Substantial performance improvement in all the criteria were achieved for the third milestone, although not all performance goals were met. The City did not fulfill all of their obligations under the contract, which contributed to some of the goals for the third milestone not being met.

4a) How long was the delay in placing the contract with Breda compared to the expected time of placing the contract in service?

Response: The contract required that Muni place in service a contract with Breda for time and materials on-call service within 30 days of execution of the Booz-Allen contract. In actuality, the contract with Breda was executed 65 days after the Booz-Allen contract.

4b) How did this affect Booz-Allen's ability to achieve each of the four performance measures by each of the three milestone dates?

Response: The delay in executing the Breda contract had little impact on Milestone 1 and 2; however, achievement of all performance measures in Milestone 3 were affected because a greater number of operating Breda vehicles were required in order to sustain the targeted level of two-car train performance.

Item 5– File 01-1431

Department: Department of the Environment (DOE)

Item: Resolution authorizing the Department of the Environment to expend a grant in the amount of $7,800,000 from the California Public Utilities Commission for a small business lighting retrofit program.

Amount: $7,800,000

Grant Period: August 1, 2001 through June 30, 2003 (23 months)

Source of Funds: California Public Utilities Commission

Description: The subject grant would fund the "Power Boosters Program," designed to help small business owners improve energy efficiency and thus reduce energy costs. The program will provide small businesses with energy efficiency audits free of charge, and for a low fee provide a range of technical services. Small business owners would receive partial rebates and subsidies on the purchase and installation of new equipment as part of the program.

According to Mr. Mark Westlund of DOE, under the Power Boosters program an estimated 6,000 small business energy audits will be conducted and an estimated 4,000 small businesses would be assisted in increasing energy efficiency. Mr. Westlund advises that if efficiency goals are met, the program would save 24 million kilowatt hours per year. According to Mr. Westlund, the current commercial electricity rate is $0.11 per kilowatt hour, but can go as high as $0.30 per kilowatt hour, meaning that a savings of 24 million kilowatt hours could save businesses from $2,640,000 to $7,200,000 per year.

According to Mr. Westlund, initially, the Department of the Environment intends to conduct an "Early Rollout" pilot program, which will include performing energy efficiency audits and helping implement new energy saving methods for approximately 40 small businesses. These pilot projects will be used as examples when

promoting the program. The services under the Early Rollout program will be performed through a $200,000 workorder with the Department of Public Works (DPW). Mr. Westlund advises that DPW plans to award a $200,000 contract for the work on a sole source basis to Newcomb Anderson Associates, a consulting engineering firm that specializes in energy efficiency and is currently performing similar work under contract with DPW. DPW originally selected Newcomb Anderson Associates through a competitive Request for Proposals (RFP) process in 1998, according to Mr. Roger Wong of DPW.

The consultant would provide the following services: (a) design and planning of the Early Rollout program, (b) development of a marketing plan, (c) assisting the DOE in selecting businesses and marketing the program, (d) conducting energy efficiency audits of approximately 60 businesses, (e) provision of price estimates for energy-saving recommendations, (f) provision of construction management services for each installation of the new energy saving equipment, such as high efficiency lamps, daylight controls for interior spaces, and photocells to control exterior lighting, and (g) completion of a program evaluation at the conclusion of the Early Rollout Program.

Budget: The FY 2001-2002 budget for DOE and contractual services costs for the Early Rollout pilot program is as follows:

Salaries (for 10 months):		
2.0 FTE 5640 Environmental Specialists	$109,460	
1.0 FTE 5608 Senior Energy Specialist	52,888	
0.5 FTE 1426 Administrative Support	16,872	
0.25 FTE Resource Efficiency Manager*	20,716	
0.10 FTE Public Information Officer*	5,486	
0.10 FTE Deputy Director*	9,565	
Related Fringe Benefits	60,196	
Subtotal Salaries and benefits		$275,183
Services and Supplies:		
Local Field Expense	1,500	
DPW Overhead	20,000	
Office Supplies and Equipment	26,750	
Advertising	9,050	
Rent	46,971	
Information Services	7,097	
Legal Services	1,500	
Subtotal Services and Supplies		112,868
Contractual Services (workorder to DPW):		
PreAudit Services	5,094	
Recruitment/Coordination	6,150	
Audits/Reporting	18,450	
Design/Construction Mgt.	18,450	
Installation Subcontractor (see Comment No. 5)	132,000	
Program Evaluation	4,920	
Direct Costs	936	
Marketing	14,000	
Subtotal Early Rollout Pilot Program		200,000
TOTAL COST		$588,051

* These .45 FTE positions are existing DOE positions and a portion of their General Fund salary costs will be reimbursed from the subject grant. These salary costs have been calculated at 12 months because staff is already begun working on the subject grant. The grant-funded salaries and fringe benefits for these positions, which total $45,782, would be credited to the General Fund as grant recoveries.

Attachment I, provided by the Department, provides a 23-month budget for the expenditure of the entire $7,800,000 in grant funds.

Comment:

1. In addition to the Newcomb Anderson Associates contract for the Early Rollout program, the DOE plans to select two additional outside contractors under a Request for Proposals (RFP) process to (1) implement and (2) evaluate the Small Business Lighting Program. Therefore, DOE does not yet have specific cost details, including hours and hourly rates, for the subject grant funds in the amount of $6,847,500 ($6,750,000 budgeted for a contractor to implement the program, plus $97,500 budgeted for a contractor to evaluate the program, as shown in Attachment I).

Mr. Westlund advises that the Department plans to conduct an RFP process upon approval of this resolution, and that cost and project details would be available once the contractors are selected. Additionally, Mr. Westlund advises that the $46,971 budgeted for rent is for space at the DOE's current location at 11 Grove St., which is leased through the Yully Company. Mr. Westlund further advises that the Department is attempting to lease an additional approximately 1,467 square feet at the rate of $2.66 per square foot per month for the program, which would require an amendment to its current lease, which will be subject to Board of Supervisors approval. The new leased space would be rented through the duration of the grant, and the budgeted amount would cover approximately the first year's worth of rent, according to Mr. Westlund.

Therefore, the Budget Analyst recommends reserving $6,847,500 for outside contracts, and $364,449 budgeted for personnel and services and supplies in FY 2002-2003, plus $46,971 budgeted for rent, pending award of the contracts and submission to the Finance Committee of a program plan and complete budget details, resulting in a total recommended reserve of $7,258,920.

2. The subject grant would create 3.5 new FTE positions, which Mr. Westlund advises would only be in place through the duration of the grant.

The Budget Analyst recommends that the proposed resolution be amended to designate the 3.5 new FTE positions, created under the proposed grant, as "G" or grant-funded positions.

3. A resolution authorizing the acceptance of the subject grant was approved by the Board of Supervisors July 30, 2001. The DOE had requested early approval of acceptance so that it could sign the State grant award prior to the August 1, 2001 deadline to accept the grant.

4. Information Services, which include computer and phone installation and maintenance, and Legal Services will be provided through workorders with the Department of Telecommunications and Information Services and the City Attorney, respectively, according to Mr. Westlund.

5. Mr. Westlund advises that the $132,000 budgeted for the Installation Subcontractor under the Early Rollout program is for the installation of energy-efficient lighting at 40 locations. This includes labor and equipment, which the Department estimates will cost $3,300 per location.

6. Attachment II is the grant information sheet, provided by the Department.

Recommendation:

1. In accordance with Comment No. 1, reserve $7,258,920, pending submission to the Finance Committee of additional budget details and the contract awards, including the number of hours and hourly rates of the contractors, and the rent details.

2. Amend the proposed resolution to urge the Controller to designate the 3.5 new FTE positions created under the proposed grant as "G", or grant funded positions, as noted in Comment No. 2.

3. Approve the proposed resolution, as amended.

H.M. Rose

Harvey M. Rose

Supervisor Leno
Supervisor Peskin
Supervisor Gonzalez
Clerk of the Board
Controller
Steve Kawa

San Francisco Power Boosters Program					
Administration					
General Management *					
Overhead*					
2001-2002					
Personnel**		% of	Bi-Weekly		
		FTE	Salary	Fringe	2001-2002
	Environmental Specialist (5640)	1.00	$ 2,527.00	28%	$ 54,730
	Environmental Specialist (5640)	1.00	$ 2,527.00	28%	$ 54,730
	Senior Energy Specialist (5608)	1.00	$ 2,442.00	28%	$ 52,889
	Administrative Support (1426)	0.50	$ 1,558.00	28%	$ 16,872
	Resource Efficiency Manager	0.25	$ 3,187.00	28%	$ 20,716
	Public Information Officer	0.10	$ 2,110.00	28%	$ 5,486
	Deputy Director	0.10	$ 3,679.00	28%	$ 9,565
	Sub Totals: 2001-2002	3.95		$ 60,196.32	$ 214,987
	Sub-Total Personnel 01-02				**$ 275,183**
Services & Supplies					
	Local Field Expense				$ 1,500
	DPW Overhead				$ 20,000
	Copy Machine				$ 2,400
	Advertising				$ 9,050
	Office Supplies				$ 2,250
	Rent				$ 46,971
	Equipment				$ 14,900
	ISD Services				$ 7,097
	Legal Services				$ 1,500
	Postage				$ 4,000
	Reproduction				$ 3,200
	Sub-Total Services & Supplies				**$ 112,868**
Program					
Pilot	audit/installed				
	Task 1	PreAudit Services		$123/41 hrs	$5,094
	Task 2	Recruitment, Coordination***		$123/50 hrs	$6,150
	Task 3	Audits/Reporting		$123/150.4 hrs	$18,450
	Task 4	Design/Construction Mgt		$123/150 hrs	$18,450
	Task 5	Installation Subcontractor		$3,300/40 sites	$132,000
	Task 6	Program Evaluation/Followup		$123/40 hrs	$4,920
		Direct Costs			$936
	Sub-Total Pilot				**$186,000**
Marketing					
	Pilot program	Labor	$123/102 Hrs		$12,600
		Printing/materials			$1,400
	Sub-Total Pilot Marketing				**$14,000**
	Sub-Total Pilot/Overhead 01-02				**$588,051**

San Francisco Power Boosters Program					
2002-2003					
Personnel	*10 Month year ends April 03*	FTE	Salary	Fringe	2002-2003
	Environmental Specialist (5640)	1.00	$ 2,527.00	28%	$ 58,834
	Environmental Specialist (5640)	1.00	$ 2,527.00	28%	$ 58,834
	Senior Energy Specialist (5608)	1.00	$ 2,442.00	28%	$ 56,855
	Administrative Support (1426)	0.50	$ 1,558.00	28%	$ 18,137
	Resource Efficiency Manager	0.25	$ 3,187.00	28%	$ 20,413
	Public Information Officer	0.10	$ 2,110.00	28%	$ 5,406
	Deputy Director	0.10	$ 3,679.00	28%	$ 9,426
	Totals: 2002-2003	3.95		$ 63,814	$ 227,907
	Sub-Total 02-03 Personnel				**$ 291,721**
Services & Supplies					
	Local Field Expense				$ 1,500
	DPW Overhead				$ -
	Copy Machine				$ 2,400
	Advertising				$ 4,400
	Office Supplies				$ 2,250
	Rent				$ 47,881
	Equipment				$ -
	ISD Services				$ 7,097
	Legal Services				$ -
	Postage				$ 4,000
	Reproduction				$ 3,200
	Sub-Total Service & Supplies				**$ 72,728**
	Sub-Total 02-03 Overhead				**$ 364,449**
Main RFP					
Marketing					
	Prime contractor	Labor	$123/2000 Hrs		246,000
		Printing/materials			$60,000
	Sub-Total Marketing				**$306,000***
Installations					
	Standards/QC protocols			$90/667 hrs	$ 60,000.00
	QA/QC, warranty, CB procedures			$123/615 hrs	$ 75,600.00
	Solicit contractors			$90/889 hrs	$ 80,000.00
	Initial Quality Control			$90/1017 hrs	$ 91,500.00
	Project Management ****			$625/3960 site	$ 2,475,000.00
			kW delivered	$415/5940kw	$ 2,465,100.00
	Sub-Total Installations				**$5,247,200.00***

San Francisco Power Boosters Program					
Audits					
	Standards/Quality Control protocols			$90/1333 hrs	120,000
	Recruitment			$123/820 hrs	100,800
	Training			$123/976 hrs	120,000
	Initial Quality Control			$90/2444 hrs	220,000
	Audits ****		Audits/QC/transmittal	$100/6360 hrs	636,000
	Sub-Total Audits				**$1,196,800***
*	**Sub-Total Main RFP (contract for program implementation)**				**$6,750,000**
Monitoring and Verification RFP					
	Task 1	Design monitoring systems		$90/58 hrs	5,250
	Task 2	Set up monitoring systems		$90/100 hrs	9,000
	Task 3	Data collection		$90/400 hrs	36,000
	Task 4	Data analysis		$90/275 hrs	24,750
	Task 5	Draft report		$90/150 hrs	13,500
	Task 6	Final report		$90/100 hrs	9,000
	Sub-Total Monitoring/Verification (contract for program evaluation)				**$ 97,500.00**
TOTAL					**$7,800,000**
	* General management and Overhead are listed as separate line items in the CPUC contract, but in this budget are shown as Personnel, Services and Supplies				
	** Grant-specific hires are noted with civil service category, existing positions are not. The grant-specific hires are calculated at 10 months each fiscal year, due to hiring schedule in the first year, and termination of work in second. Existing staff are calculated at 12 months in FY 2001-2002 because staff is already engaged in working on grant, and at 11 months next FY due to termination of funds, and final report completion.				
	*** This item is separate from the Marketing-Pilot Program line item listed above in Admin.				
	**** These line items are paid by the CPUC to the City for performance rather than by labor and materials costs. This is also how the Prime Contractor will be reimbursed by the City.				

File Number: ____________________
(Provided by Clerk of Board of Supervisors)

Grant Information Form
(Effective January 2000)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: Small Business Lighting Retrofits

2. Department: Environment

3. Contact Person: Cal Broomhead Telephone: (415) 554-6390, (415) 934-4802

4. Grant Approval Status (check one):

   [x] Approved by funding agency [ ] Not yet approved

5. Amount of Grant Funding Approved or Applied for: $7,800,000

6a. Matching Funds Required: $0
b. Source(s) of matching funds (if applicable): N/A

7a. Grant Source Agency: California Public Utilities Commission
b. Grant Pass-Through Agency (if applicable): N/A

8. Proposed Grant Project Summary: This project is designed to develop and implement a lighting retrofit program to help small businesses in San Francisco reduce their electric bills and reduce the peak load. The program will be managed by the Department of Environment and implemented through a contractor.

9. Grant Project Schedule, as allowed in approval documents, or as proposed:

   Start-Date: August 1, 2001 End-Date: June 30, 2003

10. Number of new positions created and funded: 3.5

11. If new positions are created, explain the disposition of employees once the grant ends? Provisional employees will be terminated unless additional funding can be found.

12a. Amount budgeted for contractual services: $7,047,500 ($752,500 will remain in the Department budget to cover management and overhead costs.)

b. Will contractual services be put out to bid? Yes.

c. If so, will contract services help to further the goals of the department's MBE/WBE requirements? Yes.

d. Is this likely to be a one-time or ongoing request for contracting out? One-time

13a. Does the budget include indirect costs? [x] Yes [] No

b1. If yes, how much? $ $560,000
b2. How was the amount calculated? Amount designated by granting agency.

c. If no, why are indirect costs not included?
[] Not allowed by granting agency [] To maximize use of grant funds on direct services
[] Other (please explain):

14. Any other significant grant requirements or comments:

Disability Access Checklist*

15. This Grant is intended for activities at (check all that apply):

[x] Existing Site(s)	[] Existing Structure(s)	[] Existing Program(s) or Service(s)
[] Rehabilitated Site(s)	[] Rehabilitated Structure(s)	[] New Program(s) or Service(s)
[] New Site(s)	[] New Structure(s)	

16. The Departmental ADA Coordinator and/or the Mayor's Office on Disability have reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:

Comments:

Departmental or Mayor's Office of Disability Reviewer:______________________
(Name)

Date Reviewed:________________

Department Approval: David Assmann Deputy Director
(Name) (Title)

David Assmann
(Signature)

BOARD of SUPERVISORS

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

0.25

5/01
canceled

NOTICE OF CANCELLED MEETING

FINANCE COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

NOTICE IS HEREBY GIVEN that the meeting of the Finance Committee scheduled for Wednesday, August 15, 2001, at 10:00 a.m., at 1 Dr. Carlton B. Goodlett Place, Room 263, City Hall, San Francisco, California, has been **cancelled.**

Gloria L. Young, Clerk of the Board

FINANCE COMMITTEE
S.F. BOARD OF SUPERVISORS
CITY HALL, ROOM 244
1 DR. CARLTON GOODLETT PLACE
SAN FRANCISCO, CA 94102-4689

IMPORTANT HEARING NOTICE!!!

41 Library
100 Larkin Street Govt Information Center

City and County of San Francisco
Meeting Minutes
Finance Committee

Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez

Clerk: Gail Johnson

Wednesday, August 22, 2001 **10:00 AM** **City Hall, Room 263**

Regular Meeting

Members Present: Mark Leno, Aaron Peskin, Matt Gonzalez.

MEETING CONVENED

The meeting convened at 10:09 a.m.

AGENDA CHANGES

Supervisor Leno requested that Item 10 be called first and continued to September 26, 2001.

REGULAR AGENDA

011436 [Official Advertising]
Resolution authorizing the Purchasing Division of the Office of Contract Administration to negotiate and enter into a sole source contract with the San Francisco Chronicle to be the official newspaper of the City and County of San Francisco for the category of consecutive day official advertising for the fiscal year ending June 30, 2002. (Purchaser)
8/1/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Judith Blackwell, Director, Office of Contract Administration; Michael Ward, Assistant Director of Purchasing, Purchasing Division, Office of Contract Administration.
Continued to September 26, 2001.

CONTINUED by the following vote:
Ayes: 3 - Leno, Peskin, Gonzalez

011444 [Outreach Advertising]

Resolution designating El Mensajero, El Latino and El Reportero to be outreach newspapers of the City and County of San Francisco for the Hispanic/Latino community; designating the China Press, the Chinese Times and AsianWeek to be outreach newspaper of the City and County of San Francisco for the Chinese community; designating the San Francisco Bay View to be outreach newspaper of the City and County of San Francisco for the African American community; designating San Francisco Spectrum, the Bay Area Reporter and San Francisco Bay Times to be outreach newspapers of the City and County of San Francisco for the Gay/Lesbian/Bisexual/Transgender community; designating MO Magazine to be outreach newspaper of the City and County of San Francisco for the Southeast Asian community; designating Russian Life to be outreach newspaper of the City and County of San Francisco for the Russian community, designating Hokubei Mainichi to be outreach newspaper of the City and County of San Francisco for the Japanese community, for the fiscal year ending June 30, 2002. (Purchaser)

8/1/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Judith Blackwell, Director, Office of Contract Administration; Luis Espinosa, Senior Purchaser, Purchasing Division, Office of Contract Administration; Gloria Young, Clerk of the Board; Ref Sanchez, California Newspaper Service Bureau; Theodore Lakey, Deputy City Attorney; Rolando Pasquali, Attorney, representing El Latino; Jose Del Castillo, publisher of El Mensajero; Clementina Garcia, El Latino; Carmen Ruiz, owner of El Latino; Michael Ward, Assistant Director of Purchasing, Purchasing Division, Office of Contract Administration.

Continued to September 26, 2001.

CONTINUED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011242 [Requiring situs and/or street name on recorded documents]

Supervisor Yee

Ordinance amending Article 12C of Part III of the San Francisco Municipal Code (Real Property Tax) by amending Section 1102.1 thereto to require that every document pertaining to real property that is submitted for recordation show on the face of the document the commonly-known situs and/or street name and number of the real property described therein.

7/2/01, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 8/1/2001.

Heard in Committee. Speaker: Harvey Rose, Budget Analyst.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011405 [Appropriation, Police Department]

Supervisors Leno, Daly

Ordinance reallocating $1,200,000 retroactively from Police Department appropriations to the Fire Department to fund the cost of uniform firefighters for fiscal year 2000-01.

(Fiscal impact.)

7/3/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speaker: Harvey Rose, Budget Analyst.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011376 [Reserved Funds, Mayor's Office of Community Development]

Hearing to consider release of reserved funds, Mayor's Office of Community Development (2001 CDBG Block grant: File 010621, Resolution No. 324-01), in the amount of $9,256 to fund the proposed reclassifications of four Special Assistant positions. (Mayor)

7/23/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Pamela David, Director, Mayor's Office of Community Development; Daryl Higashi, Deputy Director, Mayor's Office of Housing.
Release of reserved funds in the amount of $9,256 approved.

APPROVED AND FILED by the following vote:

Ayes: 2 - Leno, Peskin
Noes: 1 - Gonzalez

011425 [Lease of Property]

Resolution authorizing a new lease of real property at 2712 Mission Street on behalf of the Department of Public Health, Community Mental Health Services. (Real Estate Department)

(Fiscal impact; District 9.)

8/1/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Legnitto, Acting Director of Property, Real Estate Division, Administrative Services Department; Judith Schutzman, Department of Public Health; Linda Wong, Department of Public Health, Community Mental Health Services; Chaplain Earl Rogers, San Francisco Rescue Mission; Monique Zmuda, Chief Financial Officer, Department of Public Health; Matthew Hymel, Controller's Office; Ben Rosenfield, Budget Director, Mayor's Budget Office.

REFERRED WITHOUT RECOMMENDATION by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011176 [Lease of Property]

Resolution authorizing the lease of real property at 100 Blanken Street, San Francisco, California, for the Department of Public Health. (Real Estate Department)

(District 10)

8/6/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Legnitto, Acting Director of Property, Real Estate Division, Administrative Services Department; Judith Schutzman, Department of Public Health; Theodore Lakey, Deputy City Attorney.

REFERRED WITHOUT RECOMMENDATION by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011481 [Contracting Out City Services]

Resolution concurring with the Controller's certification that assistance to certain victims of crime and education in community anti-street violence can be practically performed for the District Attorney's Victim Witness Assistance Program by a private contract at a lower cost than similar work services performed by City and County employees. (District Attorney)

8/8/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speaker: Harvey Rose, Budget Analyst.

RECOMMENDED.. by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011426 [BART/SFIA On-Airport Project Development Agreement]

Resolution approving Modification No. 1 to the BART/SFIA On-Airport Project Development Agreement, as it relates to the on-Airport potion of the BART to San Francisco Airport Extension project, which is by and between the City and County of San Francisco, acting by and through its Airport Commission ("SFIA"), and the Bay Area Rapid Transit District ("BART"). (Airport Commission)

8/1/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cathy Widener, Airport; Michelle Hatata, Manager of Program Administration, West Bay Extension, Bay Area Rapid Transit District; Chaplain Earl Rogers, San Francisco Rescue Mission.

Amended on page 1, line 4, by replacing "potion' with "portion."

AMENDED.

Resolution approving Modification No. 1 to the BART/SFIA On-Airport Project Development Agreement, as it relates to the on-Airport portion of the BART to San Francisco Airport Extension project, which is by and between the City and County of San Francisco, acting by and through its Airport Commission ("SFIA"), and the Bay Area Rapid Transit District ("BART"). (Airport Commission)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011445 [Approval of Amendment(s) to Design Agreement for the Moscone Center Expansion Project]

Resolution authorizing the Director of Administrative Services to execute amendment(s) to design agreement, increasing the amendment sum from $14,026,326.38 to $15,026,326.38. (Administrative Services Department)

(Fiscal impact.)

8/1/01, RECEIVED AND ASSIGNED to Finance Committee.

Speakers: None. Continued to September 26, 2001.

CONTINUED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011499 [Setting San Francisco's 2001-2002 property tax rate and establishing passthrough rate for residential tenants]

Mayor

Ordinance providing revenue and levying property taxes for City and County purposes and establishing passthrough rate for residential tenants pursuant to Chapter 37 of the Administrative Code for the fiscal year ending June 30, 2002. (Mayor)

8/13/01, RECEIVED AND ASSIGNED to Finance Committee. Sponsor requests this item be scheduled for consideration at the August 22, 2001 meeting.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Matthew Hymel, Controller's Office.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011500 **[Setting San Francisco's Unified School District's 2001-2002 property tax to be included in the City's overall property tax rate]**

Mayor

Ordinance providing revenue and levying property taxes for San Francisco Unified School District's purposes for the fiscal year ending June 30, 2002. (Mayor)

8/13/01, RECEIVED AND ASSIGNED to Finance Committee. Sponsor requests this item be scheduled for consideration at the August 22, 2001 meeting.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Matthew Hymel, Controller's Office.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011501 **[Setting San Francisco Community College District's 2001-2002 property tax rate to be included in the City's overall property tax rate]**

Mayor

Ordinance providing revenue and levying property taxes for San Francisco Community College District purposes for the fiscal year ending June 30, 2002. (Mayor)

8/13/01, RECEIVED AND ASSIGNED to Finance Committee. Sponsor requests this item be scheduled for consideration at the August 22, 2001 meeting.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Matthew Hymel, Controller's Office.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011502 **[Adjusting Appropriations - Art Commission]**

Mayor

Ordinance amending the Annual Appropriation Ordinance for Fiscal Year 2001-2002, File Number 011041, Ordinance Number 170-01, adjusting appropriations to meet the requirements of the Art Commission pursuant to Charter Section 16.106(1). (Mayor)

8/13/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Matthew Hymel, Controller's Office.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

010845 **[Dancehall Permits]**

Supervisors Daly, Gonzalez

Ordinance deleting San Francisco Police Code Sections 1022 to 1029 to eliminate any restrictions on dances, except to require places where dances of more than 500 persons are held to provide free cool drinking water and amending San Francisco Fire Code Section 22 to require a public hearing.

5/7/01, ASSIGNED UNDER 30 DAY RULE to Neighborhood Services and Parks Committee, expires on 6/6/2001.

6/19/01, TRANSFERRED to Audit, Labor and Government Efficiency Committee.

6/26/01, CONTINUED. Heard in Committee. Speakers: Supervisor Daly; Ted Lakey, Deputy City Attorney; Supervisor McGoldrick; Carol Roos, Legislative Analyst; Robert Garcia, Save Our Streets; Nick Fynn, Late Night Coalition; David Overdorf; Leslie Ayres; Phillip Faight, Union Square Association; Grant Davis, S. F. Line Dancers Association; Jeffrey Leibovitz; Sean Starbuck, Thump Radio Inc.; Gail Edwards; Bryan Dobson; Fred Hobson; Krishna; Lawrence Foard; Stephanie Tucker; Angelica Kuhl; Terrance Alan; Carlton Solle. Supervisor Newsom excused from committee due to conflict-of-interest.
Continued to July 10, 2001.

7/10/01, CONTINUED. Heard in Committee. Speakers: Sergeant Ann Mannix, SFPD; Sergeant William Coggan, SFPD; Ted Lakey, Deputy City Attorney; Phillip Faight; Kathleen Harrington, Golden Gate Restaurant Association; Linda Mjellem, Union Square Association; Leslie Ayers, SF Late Night Coalition; Robert Garcia, Save Our Streets; Krishna, SF Late Night Coalition; Leigh Ann Matsche, Union Square Business Improvement District; Starchild, Libertarian Party; David Overdorf; Stephanie Tucker, SF Late Night Coalition; Frederick Hobson; Jeff Page; Jeffrey Leibovitz.
Supervisor Newsom excused from committee due to conflict-of-interest.
Continued to July 24, 2001.

7/23/01, CONTINUED. Supervisor Daly, seconded by Supervisor Leno moved to continued to July 30, 2001.

7/30/01, CONTINUED. Supervisor Daly moved to continue to August 13, 2001.

8/13/01, AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE. 8/13/01 - Supervisor Daly presented an amendment of the whole bearing new title.

8/13/01, RE-REFERRED to Finance Committee. Re-referred to Finance.

Heard in Committee. Speakers: Supervisor Daly; Sergeant William Coggan, Police Department, Legal Division; Gary Massetani, Assistant Chief, Fire Department; Dick Millet, Potrero Boosters; Ron Miguel, President, Planning Association for the Richmond; Frederick Hobson; David Overdorf; Terrance Alan, Chairman, San Francisco Late Night Coalition; John Wood, San Francisco Late Night Coalition; Chaplain Earl Rogers, San Francisco Rescue Mission; Jeffrey Leibovitz; Robert Garcia, Save Our Streets; Pastor Ralphel Gella, San Francisco Rescue Mission.
Supervisors Gonzalez, Peskin and Leno added as co-sponsors.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Ordinance amending San Francisco Police Code Section 1023 to exempt dances and dancehalls from the need to obtain a dancehall permit if the location where the dance is being held has a place of entertainment permit and provides free drinking water.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

ADJOURNMENT

The meeting adjourned at 1:50 p.m.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

August 16, 2001

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: August 22, 2001 Finance Committee Meeting

Item 1 – File 01-1436

Department: Department of Administrative Services, Office of Contract Administration, Purchasing Division

Items: Resolution authorizing the Purchasing Division of the Office of Contract Administration to negotiate and enter into a sole source contract for Fiscal Year 2001-2002 with the San Francisco Chronicle to be the City's official newspaper to provide Type 1 advertising which requires the newspaper to be printed at least five days per week, on two or more consecutive days.

Description: Proposition J, which was approved by the San Francisco voters in November of 1994, in part, changed the criteria by which the City selects a newspaper to publish the City's official advertising. The Purchasing Division advises that, under Proposition J, Section 2.81 of the Administrative Code was amended with respect to the criteria to be considered in evaluating bids submitted by newspapers that wish to be designated as the City's official advertising newspapers. Bidders are required to submit typeset samples and other documentation for evaluation purposes. The criteria used for evaluation of bids under Section 2.81 includes (1) the cost of advertising

in the newspaper (the newspaper which bids the lowest price per line for advertising receives additional points), (2) the level of circulation of the newspaper (the newspaper with the largest circulation receives additional points), (3) the cost of the newspaper to the general public (any newspaper with a majority of circulation that is free of charge to the general public receives additional points), (4) the ownership of the newspaper by a minority-owned, women-owned, or locally-owned business (newspapers which are owned by minority, women or locally-owned firms receive additional points), and (5) the newspaper's compliance with all contracting requirements under the City's Charter and the Administrative Code, according to Mr. Luis Espinoza of the Purchasing Division.

The City's official advertising is divided into two categories:

Type 1 – Advertisements for Two or More Consecutive Days: Official advertising which must be published on two or more consecutive days, and all official advertising which is required to be published in accordance with Section 2.103 of the Charter for special meetings of the Board of Supervisors and its standing or special committees. The official newspaper must publish at least 5 days a week for Type 1 official advertising.

Type 2 – Advertisements for Single or Non-consecutive Days: Official advertising, which must be published one time (other than one-time advertising related to special meetings for the Board of Supervisors and its standing and/or special committees) or more than one time but not more than three times per week for a specified number of weeks. The official newspaper must publish at least 3 days a week for Type 2 official advertising.

The City's contract for Type 1 official advertising with the San Francisco Examiner expired on June 30, 2001. According to Mr. Espinoza, in response to its Invitation for Bids on March 31, 2001, the Purchasing Division did not receive any bids for Type 1 official advertising. Because no bids were received for Type 1 official advertising, the Purchasing Division has not made a recommendation to the Board of Supervisors regarding the award of the City's Type 1 official advertising for FY

2001-2002. However, according to Mr. Espinoza, the San Francisco Chronicle contacted the Purchasing Division on May 3, 2001 in order to offer its services to provide for the City's Type 1 official advertising in Fiscal Year 2001-2002.

This proposed resolution would authorize the Purchasing Division to negotiate and enter into a contract with the San Francisco Chronicle to provide Type 1 official advertising.

As shown in the Attachment to this report in a memorandum of August 1, 2001 to the Clerk of the Board of Supervisors, the Purchasing Division reports that the San Francisco Chronicle would charge $8.42 per line of typeset for Type 1 consecutive day official advertising in FY 2001-2002, which is $5.96 more or 242.3 percent than the $2.46 charged in FY 2000-2001 by the San Francisco Examiner for Type 1 official advertising. For FY 2001-2002, the Purchasing Division reports that the total estimated annual cost for Type 1 official advertising, which would be provided by the San Francisco Chronicle if this legislation is approved, is $133,114 or $94,224 more than the cost for FY 2000-2001 of $38,890 charged by the San Francisco Examiner for Type 1 official advertising.

Mr. Espinoza advises that the San Francisco Chronicle meets the Administrative Code requirements to be designated as the City's Type 1 official advertising newspaper. Such requirements include having a newspaper circulation of at least 50,000 copies per week, being published at least five days per week on two or more consecutive days, and being printed in San Francisco. However, according to Mr. Espinoza, the San Francisco Chronicle does not comply with Chapter 12B of the Administrative Code, pertaining to the City's Equal Benefits Ordinance. If the Board of Supervisors decides to authorize the Purchasing Division to negotiate and enter into a sole source contract with the San Francisco Chronicle to provide the City's Type 1 official advertising, then the Purchasing Division would request a waiver of the Chapter 12B Equal Benefits requirements from the Human Rights Commission in order to enter into a sole source contract with the San Francisco Chronicle, according to Mr. Espinoza.

The Purchasing Division suggests that the proposed sole source contract with the Chronicle is a viable option because, as stated in the attached memorandum from the Purchasing Division, (a) this is an instance when no bids were received, (b) there are no other qualified newspapers that are in compliance with Chapter 12B and (c) having a Type 1 official advertising newspaper is essential to the City and its residents.

Comments:

1. As previously noted, the estimated costs for Type 1 official advertising to be provided by the San Francisco Chronicle would be $133,114 in FY 2001-2002. Mr. Espinoza reports that the estimated cost for Type 2 official advertising is $1,305,878 for FY 2001-2002. Therefore, the total estimated cost for Type 1 and Type 2 official advertising for FY 2001-2002 would be $1,438,992.

2. According Section 2.81-2(a) of the Administrative Code, the City is required to withhold 10 percent of the annual amounts paid for the City's Type 1 and Type 2 official advertising and to designate such monies in the City's Outreach Advertising Fund (see Item 2, File 01-1444 of this August 22, 2001 report to the Finance Committee).

Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

City and County of San Francisco

Willie Lewis Brown, Jr.
Mayor

Purchasing Department

Judith A. Blackwell
Director

August 1, 2001

To: Gloria Young
Clerk of the Board
San Francisco Board of Supervisors

Through: Judith A. Blackwell
Director of Purchasing
Purchasing Department

From: Michael D. Ward
Assistant Director of Purchasing
Purchasing Department

Subject: Designating Official and Outreach Newspapers for FY 2001-2002

The Purchasing Division is writing this letter in response to inquiries from members of the Finance Committee with regards to the designation of newspapers for official and outreach advertising services for Fiscal Year 2001-2002.

Official Advertising - Type 1 Consecutive Day

Purchasing solicited but did not receive bids for Type 1 Consecutive Day Advertising. However, the San Francisco Chronicle offered its services to the City at a bulk contract rate of $8.42 per line.

The Chronicle meets the Administrative Code requirements for an official newspaper, including circulation of 50,000 per week, consecutive day publication and is printed in the City. However, the Chronicle is not compliant with Chapter 12B of the Administrative Code.

A sole source contract with the Chronicle is a viable option because this is an instance when no bids were received, there are no qualified newspapers that are in compliance with Chapter 12B and the contract is essential to the City and its residents. With regards to Chapter 12B, the Purchasing Division will request a waiver from the Human Rights Commission.

The following is the estimated advertising costs for Type 1 Consecutive Day Advertising for FY2000-01 and FY2001-2002.

	Examiner FY 2000-2001	Chronicle Offer FY 2001-2002
Cost Per Line	$2.46	$8.42
Estimated annual cost:	$38,890	$133,114
Annual Cost Increase:		$ 94,224
Percent Increase:		243%

Letter to Gloria Young
August 1, 2001

The contract rate of $2.46 per line in FY 2000-2001 was based on the Examiner circulation of 108,896, accordin to the Audit Report of September 30, 1999. The circulation figures for the San Francisco Chronicle for the period ending March 31, 2001 are All Day 527,466 and Sunday 540,074.

The Chronicle's offer of $8.42 per line is a considerable saving off the open non-contract rate of $16.33 per line. rate of $8.42 per line is the equivalent of a bulk contract rate.

It should be noted that the San Francisco Examiner also expressed interest in providing its services to the City. However, the Examiner is not printed in the city as required by Article IX of the Administrative Code and has no intention of doing so in the foreseeable future. In addition, the Examiner is not compliant with the requirements Chapter 12B of the Administrative Code.

Appended to this letter, as Exhibit A, is the draft of a resolution authorizing the Purchasing Division to negotiate sole source contract with the San Francisco Chronicle.

Outreach Advertising

The Purchasing Division solicited bids for outreach advertising and received only four responsive bids - one fron Hispanic community and three from the Chinese community.

Given the number of responsive bids received, only two communities mandated by Proposition J would have outreach advertising coverage in Fiscal Year 2001–2002. In addition, non-Prop. J communities -requested by the Board in Resolution No. 841-00, passed October 2, 2000- would not have outreach advertising coverage. These the Russian, Southeast Asian, Korean and Filipino communities.

Given that the newspapers submitting responsive bids do not adequately serve all neighborhoods, the Board mig want to authorize additional outreach advertising. As proposed, the maximum estimated cost of cost outreach advertising for Fiscal Year 2001-2002 would be $206,067. This amount depends on the number of outreach newspapers that will be authorized by the Board. The total estimated amount that will be available in the Outrea Advertising Fund in Fiscal Year 2001-2002 is $241,392. Should the Board elect to authorize the proposed additional advertising, community coverage would be as follows:

Community	Outreach Newspaper
Hispanic/Latino:	El Mensajero El Latino El Reportero
Chinese	China Press Chinese Times AsianWeek
African American	San Francisco Bay View
Lesbian/Gay/Bi-sexual/Transgender	Spectrum Bay Area Reporter S.F. Bay Times

Community	Outreach Newspaper
Russian	Russian Life
Southeast Asian	Mo Magazine
* Japanese	Hokubei Mainichi

* Not requested by the Board in Resolution No. 841-00.

Appended to this letter, as Exhibit B is the draft of a resolution designating outreach advertising newspapers and authorizing the Purchasing Division to execute contracts with the designated periodicals. The Purchasing Division requests that this item be treated as an Amendment of the Whole and calendared for the Finance Committee meeting of August 8, 2001.

On file, is a resolution (File No. 01-0867) designating the China Press to be outreach newspaper of the City and County of San Francisco for the Chinese community, and El Mensajero to be outreach newspaper of the City and County of San Francisco for the Hispanic community, for outreach advertising for the fiscal year ending June 30, 2002. On 05/30/01, the Finance Committee continued this item. And on 07/18/01, the Committee again continued the item, to the Call of the Chair.

The Purchasing Division's contact persons for File No. 01-0867 and the proposed Amendment of the Whole, and official advertising resolution are:

Mike Ward	554-6740
Luis Espinoza	554-6736

Please, advise if the Board needs additional information before the Finance Committee or Full Board meeting. The Purchasing Division looks forward to reviewing this matter with the Board.

Exhibits:

A. Resolution - Official Advertising
B. Resolution – Outreach Advertising

cc Harvey Rose, Budget Analyst

Exhibit A

Resolution

Item 2 – File 01-1444

Department: Department of Administrative Services, Office of Contract Administration, Purchasing Division

Item: Resolution designating El Mensajero, El Latino and El Reportero to be outreach newspapers for the City's Hispanic/Latino community; designating the China Press, the Chinese Times and the Asian Week to be outreach newspapers for the City's Chinese community; designating the San Francisco Bay View to be the outreach newspaper for the City's African American community; designating the San Francisco Spectrum, the Bay Area Reporter and the San Francisco Bay Times to be outreach newspapers for the City's Gay/ Lesbian/Bisexual/Transgender community; designating Mo Magazine to be the outreach newspaper for the City's Southeast Asian community; designating the Russian Life to be the outreach newspaper for the City's Russian community; and designating the Hokubei Mainichi to be the outreach newspaper for the City's Japanese community, for Fiscal Year 2001-2002.

Description: Proposition J, which was approved by San Francisco voters in November of 1994, provided, in part, for an Outreach Advertising Fund to be established for the purpose of the City placing "outreach advertising" or weekly notices of items pertaining to governmental operations in periodicals selected to reflect the diversity in race and sexual orientation of the population of the City. Outreach advertisements include, but are not limited to, information about issues that are being reviewed by the Board of Supervisors and that directly affect the public. Pursuant to Proposition J and in accordance with Section 2.81-2(a) of the Administrative Code, the City is required to withhold 10 percent of the annual amounts paid for the City's Type 1 and Type 2 official advertising and to deposit these monies into the Outreach Advertising Fund.

Comments: 1. Since the passage of Proposition J, approved by the voters in November of 1994, bid prices are only one of several factors evaluated and considered when determining the designated outreach newspapers. Other factors include (a) the size of the newspaper's circulation area, (b) the newspaper's cost to the public, (c) ownership

of the newspaper by a minority-owned, women-owned, or locally-owned business, (d) whether the newspaper is printed in the language of the outreach community, and (e) the newspaper's compliance with all contracting requirements under the City's Charter and the Administrative Code, according to Luis Espinoza of the Purchasing Division. Proposition J requires the Purchasing Division to recommend to the Board of Supervisors the newspapers with the highest total point scores in each outreach community.

2. According to Mr. Espinoza, the Purchasing Division recommends that the Board of Supervisors designate the China Press and El Mensajero to provide outreach advertising for FY 2001-2002. The China Press received the highest score of the three responsive bids from newspapers seeking to provide outreach advertising to the Chinese community. El Mensajero was the only responsive bidder of the three bids from newspapers seeking to provide outreach advertising to the Hispanic/Latino community. In addition to recommending the China Press and El Mensajero, the Purchasing Division suggests that the Board of Supervisors "might want to authorize additional outreach advertising" (see Attachment I, provided by the Purchasing Division). The Purchasing Division suggests that such additional outreach advertising could be achieved by designating the 11 other newspapers that submitted bids to the Purchasing Division to provide outreach advertising for FY 2001-2002. Attachment II, provided by the Purchasing Division, contains bid data and point calculation information for the 2 newspapers which the Purchasing Division recommends be designated to provide outreach advertising and the 11 other newspapers which the Purchasing Division suggests could be designated by the Board of Supervisors to provide outreach advertising for FY 2001-2002.

3. As noted in Attachment II, 4 of the 13 newspapers seeking to provide outreach advertising submitted bids that were considered by the Purchasing Division to be responsive. According to Mr. Espinoza, El Mensajero, serving the Hispanic/Latino community, and the China Press, the Chinese Times, and the Asian Week, all

serving the Chinese community, fully comply with all City contracting requirements under the Charter and the Administrative Code and qualify with their responsive bids to be designated to provide for the City's outreach advertising.

4. As noted in Attachment II, 9 of the 13 newspapers seeking to provide outreach advertising submitted bids that were considered to be non-responsive by the Purchasing Division. According to Mr. Espinoza, these 9 newspapers do not qualify to be designated to provide outreach advertising for the following reasons: (a) Hokubei Mainichi and Mo Magazine do not comply with the requirements of Chapter 12B, pertaining to Equal Benefits requirements of the Administrative Code, and Russian Life does not comply with the requirements of Chapters 12B and 12D, pertaining to the Minority/Women/Local Business Enterprise Utilization requirements of the Administrative Code, (b) the San Francisco Bay View, the Bay Area Reporter and the San Francisco Bay Times are not printed in San Francisco, as required by Administrative Code, Article IX, Section 2.80-1, (c) El Latino, the San Francisco Spectrum and the San Francisco Bay Times are not published weekly, as required by Administrative Code, Article IX, Section 2.80-1, and (d) El Reportero, the San Francisco Spectrum and Hokubei Mainichi submitted their bids late.

5. According to Mr. Ted Lakey of the City Attorney's Office, the Board of Supervisors is authorized to and has previously designated newspapers to provide outreach advertising even though such newspapers do not comply with all contracting requirements under the City's Charter and the Administrative Code.

6. The following seven newspapers were designated as outreach advertising newspapers for FY 2000-2001: El Reportero and El Latino for the Hispanic/Latino community; the Chinese Times and Asian Week for the Chinese community; the San Francisco Bay View for the African American community; and the San Francisco Spectrum and the San Francisco Bay Times for the Lesbian/Gay/Bisexual/Transgender community.

7. As stated in the attached letter dated August 1, 2001 from Ms. Judith Blackwell of the Purchasing Division to the Clerk of the Board of Supervisors (Attachment I), the maximum estimated cost of outreach advertising for Fiscal Year 2001-2002 would be $206,067 if the Board of Supervisors were to designate all 13 newspapers which submitted bids to provide outreach advertising. Attachment III, provided by the Purchasing Division, includes a suggested outreach advertising budget for $206,067 for the 13 newpapers which submitted bids.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

City and County of San Francisco

Willie Lewis Brown, Jr.
Mayor

Purchasing Department

Judith A. Blackwell
Director

August 1, 2001

To: Gloria Young
Clerk of the Board
San Francisco Board of Supervisors

Through: Judith A. Blackwell
Director of Purchasing
Purchasing Department

From: Michael D. Ward
Assistant Director of Purchasing
Purchasing Department

Subject: Designating Official and Outreach Newspapers for FY 2001-2002

The Purchasing Division is writing this letter in response to inquiries from members of the Finance Committee with regards to the designation of newspapers for official and outreach advertising services for Fiscal Year 2001-2002.

Official Advertising - Type 1 Consecutive Day

Purchasing solicited but did not receive bids for Type 1 Consecutive Day Advertising. However, the San Francisco Chronicle offered its services to the City at a bulk contract rate of $8.42 per line.

The Chronicle meets the Administrative Code requirements for an official newspaper, including circulation of 50,000 per week, consecutive day publication and is printed in the City. However, the Chronicle is not compliant with Chapter 12B of the Administrative Code.

A sole source contract with the Chronicle is a viable option because this is an instance when no bids were received, there are no qualified newspapers that are in compliance with Chapter 12B and the contract is essential to the City and its residents. With regards to Chapter 12B, the Purchasing Division will request a waiver from the Human Rights Commission.

The following is the estimated advertising costs for Type 1 Consecutive Day Advertising for FY2000-01 and FY2001-2002.

	Examiner FY 2000-2001	Chronicle Offer FY 2001-2002
Cost Per Line	$2.46	$8.42
Estimated annual cost:	$38,890	$133,114
Annual Cost Increase:		$ 94,224
Percent Increase:		243%

Letter to Gloria Young
August 1, 2001

The contract rate of $2.46 per line in FY 2000-2001 was based on the Examiner circulation of 108,896, accordin to the Audit Report of September 30, 1999. The circulation figures for the San Francisco Chronicle for the period ending March 31, 2001 are All Day 527,466 and Sunday 540,074.

The Chronicle's offer of $8.42 per line is a considerable saving off the open non-contract rate of $16.33 per line. A rate of $8.42 per line is the equivalent of a bulk contract rate.

It should be noted that the San Francisco Examiner also expressed interest in providing its services to the City. However, the Examiner is not printed in the city as required by Article IX of the Administrative Code and has nc intention of doing so in the foreseeable future. In addition, the Examiner is not compliant with the requirements f Chapter 12B of the Administrative Code.

Appended to this letter, as Exhibit A, is the draft of a resolution authorizing the Purchasing Division to negotiate sole source contract with the San Francisco Chronicle.

Outreach Advertising

The Purchasing Division solicited bids for outreach advertising and received only four responsive bids - one from the Hispanic community and three from the Chinese community.

Given the number of responsive bids received, only two communities mandated by Proposition J would have outreach advertising coverage in Fiscal Year 2001–2002. In addition, non-Prop. J communities -requested by the Board in Resolution No. 841-00, passed October 2, 2000- would not have outreach advertising coverage. These e the Russian, Southeast Asian, Korean and Filipino communities.

Given that the newspapers submitting responsive bids do not adequately serve all neighborhoods, the Board migh want to authorize additional outreach advertising. As proposed, the maximum estimated cost of cost outreach advertising for Fiscal Year 2001-2002 would be $206,067. This amount depends on the number of outreach newspapers that will be authorized by the Board. The total estimated amount that will be available in the Outrea Advertising Fund in Fiscal Year 2001-2002 is $241,392. Should the Board elect to authorize the proposed additional advertising, community coverage would be as follows:

Community	Outreach Newspaper
Hispanic/Latino:	El Mensajero El Latino El Reportero
Chinese	China Press Chinese Times AsianWeek
African American	San Francisco Bay View
Lesbian/Gay/Bi-sexual/Transgender	Spectrum Bay Area Reporter S.F. Bay Times

Community	Outreach Newspaper
Russian	Russian Life
Southeast Asian	Mo Magazine
* Japanese	Hokubei Mainichi

* Not requested by the Board in Resolution No. 841-00.

Appended to this letter, as Exhibit B is the draft of a resolution designating outreach advertising newspapers and authorizing the Purchasing Division to execute contracts with the designated periodicals. The Purchasing Division requests that this item be treated as an Amendment of the Whole and calendared for the Finance Committee meeting of August 8, 2001.

On file, is a resolution (File No. 01-0867) designating the China Press to be outreach newspaper of the City and County of San Francisco for the Chinese community, and El Mensajero to be outreach newspaper of the City and County of San Francisco for the Hispanic community, for outreach advertising for the fiscal year ending June 30, 2002. On 05/30/01, the Finance Committee continued this item. And on 07/18/01, the Committee again continued the item, to the Call of the Chair.

The Purchasing Division's contact persons for File No. 01-0867 and the proposed Amendment of the Whole, and official advertising resolution are:

Mike Ward	554-6740
Luis Espinoza	554-6736

Please, advise if the Board needs additional information before the Finance Committee or Full Board meeting. The Purchasing Division looks forward to reviewing this matter with the Board.

Exhibits:

A. Resolution - Official Advertising
B. Resolution – Outreach Advertising

cc Harvey Rose, Budget Analyst

Exhibit A

Resolution

Bid Evaluation
(as per Contract Proposal No. 95305, Sec. 59)
Contract Proposal No. 95305
Outreach Advertising

		Hispanic *			*Chinese*		*African-American*	*Lesbian/Gay/Bi-sexual/Transgender*		
	El Reportero	El Latino	El Mensajero	China Press	Chinese Times	AsianWeek	Bayview	Spectrum	Bay Area Reporter	SF Bay Times
Advertising Price	15.00	13.50	7.50	14.10	15.00	7.65	15.00	15.00	3.90	2.40
Circulation	5.70	2.80	10.00	10.00	3.60	8.20	10.00	1.90	10.00	5.50
Newspaper Cost to Public	5	5	5	0	0	5	5	5	5	5
Local/Minority/Woman Ownership (Prop. J)										
Locally Owned/Operated	2	2	2	0	2	2	2		2	2
Minority Ownership	2	2	2	2	2	2	2		0	0
Woman-Owned		2	0	0	0	2			0	2
Foreign Language Publication	5	5	5	5	5	0	0	0	0	0
MBE/WBE/LBE Chap. 12D	3.47	3.23	0	0	0	0	3.40	0	0	0
TOTAL POINT SCORE	38.17	35.53	31.50	31.10	27.60	26.85	37.40	21.90	20.90	16.90
Bid Status:	Non-responsive Late bid: Received 5/1/01	Non-responsive: publish bi-week	Responsive	Responsive	Responsive	Responsive	Non-responsive: not printed in S.F.	Non-responsive: Late Bid: 5/2/01 publish monthly	Non-responsive: not printed in S.F.	Non-responsive: not printed in S.F. publish bi-week
	Complies with Chap. 12B & D	Complies with Chap. 12B & D	Complies with Chap. 12B & D	Complies with Chap. 12B & D	Complies with Chap. 12B & D	Complies with Chap. 12B & D		Complies with Chap. 12B & D	Complies with Chap. 12B & D	Complies with Chap. 12B & D
On Contract for FY 2000-01	yes	yes			yes	yes	yes	yes		yes
Estimated Expenditures	$28,814	$10,168			$7,292	$24,576	$6,040	$9,552		$24,263

* Responsive and non-responsive bids are evaluated for the purpose of ranking bids for the Hispanic community

Source: Purchasing Division

Bid Evaluation
(As per Contract Proposal No. 95305, Sec. 59)

Contract Proposal No. 95305

Outreach Advertising

Bids for Non-Prop. J Communities

	Japanese	Vietnamese	Russian
	Hokubei Mainichi	Mo Magazine	Russian Life
Advertising Price	15.00	15.00	15.00
Circulation	10.00	10.00	10.00
Newspaper Cost to Public	0	0	0
Local/Minority/Woman Ownership (Prop. J)			
Locally Owned/Operated		2	2
Minority Ownership		2	0
Woman-Owned		0	0
Foreign Language Publication	5	5	5
MBE/WBE/LBE Chap. 12D	0	0	0
TOTAL POINT SCORE	30.00	34.00	32.00
Bid Status:	Non-responsive Late Bid: received 4/23/01 Incomplete Bid	Non-responsive	Non-responsive: Incomplete Bid
	Not compliant: Chap. 12B	Not compliant Chap. 12 B	Not compliant Chap 12B & D

These communities are not included as "Outreach Communities" in Section 2.80-1 (b) of the Administrative Code. However, in response to the wish expressed by the Board in Resolution No. 841-00, passed October 2, 2000, Purchasing sent invitations to bid to newspapers in the Russian, South East Asian, Korean and Filipino communities.

Outreach Advertising Services Estimated Cost Fiscal Year 2001-2002				
	Ave. No. Lines FY 2000-01	Bid Price Per Line	Estimated Cost for FY 2001-02	
Hispanic				
El Reportero	18,009	1.60	$28,814	
El Latino	9,244	1.50	$13,866	
El Mensajero	13,627*	2.45	$33,387	New Contract
Chinese				
China Press	9,012**	1.88	$16,943	New Contract
AsianWeek	14,124	2.03	$28,672	
Chinese Times	3,900	1.87	$7,292	
Gay/Lesbian/Bi-sex/Transgender				
Spectrum	4,776	2.00	$9,552	
Bay Reporter	5,459***	1.88	$10,263	New Contract
S.F. Bay Times	6,142	3.95	$24,263	
African American				
San Francisco Bay View	3,897	1.80	$7,015	
Vietnamese				
Mo Magazine	****		$3,744	New Contract
Russian				
Russian Life	****		$3,536	New Contract
Japanese				
Hokubei Mainichi	****		$18,720	New Contract
Total All Communities			$206,067	

* The average number of lines used is the average for the Hispanic community.

** The average number of lines used is the average for the Chinese community.

*** The average number of lines used is the average for the Gay/Lesbian/Bi-sexual/Transgender community

**** Calculation is based on the quoted cost per ad x 52 ads per year

Source: Purchasing Division

Item-3-File 01-1242

Department: Assessor/Recorder's Office

Item: Ordinance amending Article 12C of Part III of the San Francisco Municipal Code (Real Property Transfer Tax) by amending Section 1102.1.

Description: Ordinance amending Article 12C of Part III of the San Francisco Municipal Code (Real Property Transfer Tax) by amending Section 1102.1 requiring that every document pertaining to real property that is submitted for recordation show on the face of the document the commonly-known situs[1] and /or street name and number (i.e. street address) of the real property described therein. The inclusion of the commonly known situs and /or street name and number on the face of the document would be in addition to the Assessor/Recorder's parcel number that currently appears on real property recording documents.[2]

Comments: 1. According to Mr. Frederick Garcia of the Assessor/ Recorder's Office, the proposed ordinance would have no fiscal impact on the property recording process.

2. Mr. Garcia also notes that inclusion of the commonly known situs would reduce the incidence of recording errors when incorrect Assessor/Recorder's Parcel Numbers are recorded. According to Mr. Garcia, such errors may incorrectly assign parcel ownership or identify the wrong parcel in a real estate transaction. Mr. Garcia states further that the inclusion of the commonly known situs would also help expedite the property recordation process by enabling property appraisers to locate parcels more easily for the purpose of completing property appraisals.

3. According to George Putris, the Tax Administrator of the Treasurer/Tax Collector's Office, the proposed ordinance would also be a benefit to the Tax Collector in assisting the Tax Collector to verify that real property transactions are

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[1] Situs refers to the actual street address of the parcel whereas the same parcel can have a different mailing address associated with it.

[2] The Assessor/Recorder's Parcel Number consists of a block and lot number assigned to a parcel of real property.

linked to the correct property owner for the purpose of property tax collection.

Recommendation: Approve the proposed ordinance.

Item 4 - File 01-1405

Department: Police Department
Fire Department

Item: Supplemental appropriation ordinance reappropriating $1,200,000 retroactively from the FY 2000-2001 Police Department budget to the FY 2000-2001 Fire Department budget to fund the cost of uniform firefighters.

Amount: $1,200,000

Source of Funds: Unexpended General Fund monies appropriated to the FY 2000-2001 Police Department budget.

Description: The Police Department's FY 2000-2001 budget included $1,200,000 for an annual rent payment to the Treasure Island Development Authority (TIDA) for a sublease of facilities at Treasure Island to be used for Police training activities. File 01-0944 was a proposed resolution to approve the sublease agreement between TIDA and the Police Department retroactive to July 1, 2000, the beginning of FY 2000-2001. However, that sublease agreement was tabled by the Finance Committee at the Finance Committee meeting of July 25, 2001.

Because that sublease agreement was tabled, the Police Department does not have authorization to make the $1,200,000 rent payment to TIDA and such funds are now surplus to the Police Department's FY 2000-2001 budget. According to Chief Assistant Controller Matthew Hymel, TIDA's loss of the $1,200,000 in budgeted rent revenue for FY 2000-2001 caused a deficit in the TIDA budget. In order to balance the TIDA budget, the Controller previously withheld $1,200,000 of a $3,397,191 work order payment due to the Fire Department from TIDA for Fire suppression services during FY 2000-2001. However, that action in turn created a budget deficit in the FY 2000-2001 Fire Department budget of $1,200,000 since the Fire Department's FY 2000-2001 budget was balanced on the basis of receiving a reimbursement of $1,200,000 in revenues for services performed for TIDA.

The proposed supplemental appropriation would transfer the $1,200,000 budgeted for rent in the Police Department's FY 2000-2001 budget to the Fire Department in order to balance the Fire Department's FY 2000-2001 budget. As previously noted, the $1,200,000 is no longer needed by the Police Department since the Police Department will not be paying rent to TIDA for training facilities at TIDA.

Recommendation: Approve the proposed supplemental appropriation.

Item 5 - File 01-1376

Department: Mayor's Office of Community Development (MOCD)
Mayor's Office of Housing (MOH)

Item: Hearing to consider the release of $9,256 in reserved funds for the upward reclassification of four Special Assistant positions in the Mayor's Office of Community Development and the Mayor's Office of Housing.

Amount: $9,256

Source of Funds: Community Development Block Grant funds previously allocated and reserved by the Board of Supervisors.

Description: According to Mr. Roger Sanders of MOCD, in April of 2001, the Board of Supervisors allocated $4,721,312 for Program Administration of the Community Development Block Grants for FY 2001-2002. Program Administration funds are allocated among six City Departments, including the Controller's Office, the MOCD, the MOH, the City Attorney's Office, the Human Rights Commission and the Planning Department. Mr. Sanders states that $9,256 of the Program Administrative funds for MOCD and MOH were reserved pending submission of job descriptions for four Special Assistant positions that were going to be reclassified into upgraded positions for FY 2001-2002. Mr. Sanders advises that the subject positions are currently filled.

If the proposed resolution is approved, the subject four Special Assistant positions will be reclassified as follows:

Previous Classification	New Classification	FTE
1366, Special Assistant VII	1052, Business Analyst	1.0
1369, Special Assistant X	1370, Special Assistant XI	2.0
1372, Special Assistant XIII	1373, Special Assistant XIV	1.0
Total		4.0

Comments: 1. According to Mr. Sanders, during the past year program needs have changed and current staff have either been given increased responsibilities or assigned tasks that have required additional skills or both. Mr. Sanders advises that these four Special Assistant

positions are being reclassified to more accurately reflect the increased level of skills and responsibilities.

Attachment I, provided by Mr. Sanders, contains job descriptions for the subject three Special Assistant positions and one 1052 Business Analyst position. Generally, the 1372 to 1373 reclassification reflects an upgrade in responsibilities from a Loan Project Specialist to a Loan Project Manager, according to Mr. Sanders. According to Mr. Sanders, the increased responsibilities of a Loan Project Manager over a Loan Project Specialist include: supervisory responsibility over loan program staff; training and support to build program capacity among City funded nonprofit agencies; and oversight of two new programs—the Bayview Business Resource Center and the Capital Access project. Mr. Sanders advises that the proposed reclassification of the other three positions is a result of new tasks assigned that require additional skills for program compliance analyses and review. Attachment II, provided by the Department of Human Resources (DHR) dated August 9, 2001 and August 13, 2001 compares existing tasks with new tasks, by classification, for the subject four positions.

2. The proposed release of reserved funds in the amount of $9,256 for the period of July 1, 2001 through June 30, 2002, would fund the annual pay differential between the existing and proposed new classifications of the subject four positions as follows:

Special Assistant Classifications	Current Annual Salary	Proposed Annual Salary	Annual Salary Increase	Percentage Increase	Department
1366, Step 4 to 1052, Step 1	$49,764	$53,794	$4,030	8.1	MOCD
1369, Step 5 to 1370, Step 4	65,364	67,002	1,638	2.5	MOCD/MOH
1369, Step 5 to 1370, Step 4	65,364	67,002	1,638	2.5	MOH
1372, Step 5 to 1373, Step 4	80,262	82,212	1,950	2.4	MOCD
Totals	$260,754	$270,010	$9,256	3.5	

As indicated in the above table, the proposed reclassifications of the subject positions would result in a total increased annual salary cost of $9,256. Mr. Sanders advises that if the proposed release of reserved funds is approved by the Finance Committee, the proposed reclassifications would be retroactive to July 1, 2001. If

the reserved funds are not released by the Finance Committee, the employees would not be awarded the upward reclassifications. The cost of the increased salaries between the top step of the existing positions and top step of the proposed positions is $30,992 plus $4,649 in Mandatory Fringe Benefits for a total increased cost of $35,641 annually at the top step.

3. As noted above, Attachment II, provided by the Department of Human Resources (DHR) dated August 9, 2001 and August 13, 2001, compares the existing tasks with the new tasks, by classification for the four subject positions. As shown in Attachment II, DHR is recommending approval of the upward reclassification of the four subject positions as follows: (1) 1.0 FTE 1052 Business Analyst position; (2) 2.0 FTE 1370 Special Assistant positions, which are exempt under Charter Section 10.104-1; and, (3) 1.0 FTE 1373 Special Assistant position, which is also exempt under Charter Section 10.104-1. With regard to the later three positions, these positions will be reclassified from one Special Assistant classification to another Special Assistant classification. However, Ms. Alexandra Luong from DHR advises that in order for the 1366 Special Assistant VII to occupy a non-Special Assistant classification, namely a 1052 Business Analyst, the incumbent must participate in the civil service exam process. The incumbent must submit an employment application and if the incumbent meets the minimum qualifications, DHR will put the incumbent's name on an employment register (list of qualified applicants). Ms. Luong advises that DHR has determined that the incumbent meets the minimum qualifications for class 1052 Business Analyst position. Upon request from the Mayor's Office, an employment register will be referred by DHR to the Department in order to conduct further selection processes.

Originally, when this request for release of funds was made to the Board of Supervisors, the MOCD and MOH had not requested approval of the proposed reclassifications from DHR. Based on an inquiry from the Budget Analyst, the Departments requested DHR approval. Mr. Sanders advises that he thought he needed to have funding approval for the proposed

reclassifications from the Board of Supervisors first before seeking approval from DHR for the reclassification of the four subject positions.

4. Attachment III is a memorandum dated August 14, 2001, from Mr. Sanders advising that the U.S. Department of Housing and Urban Development has approved the Community Development Block Grant budget, which includes the pending upward reclassification of the four subject Special Assistant positions in the Program Administration budget. This memorandum from Mr. Sanders also contains an explanation for the widespread use of exempt Special Assistant positions in MOCD and MOH.

5. According to Mr. Sanders, presently MOCD has a total of 42 positions, including 33 Special Assistants, and MOH has a total of 30 positions, including 25 Special Assistants. In Attachment III, Mr. Sanders advises that all Special Assistant positions are exempt.

6. Since the Board of Supervisors has directed the DHR provide further reports on reclassifications of Special Assistants positions and the appropriateness of the exempt status for exempt Special Assistant positions, the Budget Analyst considers approval of the proposed upward reclassification of the four Special Assistant positions to be a policy matter for the Board of Supervisors.

Recommendation: Approval of the proposed release of reserved funds in the amount of $9,256 for the upward reclassification of the four Special Assistant positions in MOCD and MOH is a policy matter for the Board of Supervisors.

Mayor's Office of Community Development
Job Description: Class 1052 IS Business Analyst

This position in the Mayor's Office of Community Development is responsible for assisting in the development and integration of network driven computer software applications and on-going electronic collection and distribution of information to staff, Community Development Block Grant sub-recipients and to the general public.

% Time	Task
15	Provide technical assistance to management and staff. Troubleshoot software problems through telephone and in-person support.
20	Monitor and maintain computer and telecommunications equipment. Install, convert and test systems. Install, maintain and upgrade hardware and peripherals. Assist Mayor's Office MIS coordinator in network management and coordination.
15	Assist in the development and management of customized software applications. Analyze user needs and design or assist in the design of interface applications between systems, i.e., embed database information to create standardized grants and contracts. Interface with program and technical staff to describe, define and communicate needs.
10	Analyze needs, cost-benefits, and feasibility of new applications. Assist technical staff in providing estimates to other departments regarding data wiring projects.
5	Develop standardized reports for program management and/or database management.
5	Analyze work processes; write and develop customized applications to streamline routine tasks, i.e., electronic time sheets
5	Analyze data processing needs; write specifications for application development; write procedures and documentation.
10	Coordinate the electronic distribution of MOCD information.
5	Provide technical assistance to Community Based Organizations.
10	Other duties as assigned.

MINIMUM SKILLS
Undergraduate degree in business, social sciences, or related field required (Math or Computer Science degree desirable). General information management skills required. Demonstrated computer literacy with significant working knowledge of Microsoft Office applications required. Working understanding of Novel network administration required. Minimum 3 years in MIS application development environment required. Experience in the development of sequel server applications highly desirable. Candidates should have experience in problem solving in a computer driven environment. Ability to communicate computer concepts is critical to success in this position.

Mayor's Office of Community Development/Mayor's Office of Housing
Job Description: Class 1370 Housing Program Manager

This position oversees the planning and implementation of a variety of single family housing programs and policy. This involves the creation and execution of policy and procedures designed to protect housing affordability through direct loan subsidy, tax credit and price restricted units. Responsibilities include work with non-profit housing agencies, lenders and housing developers in both the private and public sectors.

DUTIES AND RESPONSIBILITIES

% Time	Task
30	Negotiates, monitors and executes inclusionary requirements with developers, agents, and owners in resale transactions.
20	Prepares loan documents or secondary recording instruments for purposes of loan processing and insuring compliance with restriction guidelines.
10	Reviews grant proposals and issues and reviews RFPs. Providing ongoing monitoring or work programs and expenditures for non profit housing corporations, participating lenders and private contractors.
10	Works in partnership with non-profit housing agencies and lenders to provide counseling and educational services to low and moderate income households.
10	Provides direct outreach and education to the public for single family programs (DALP, MCC, RMCC, City Second, Inclusionary and Lead Hazard Reduction). Includes participation in citywide and community based fairs and events.
5	Prepares training materials, guideline manuals and program forms required in program administration.
5	Works closely with single family team and team leader to develop new programs targeting low and moderate income households.
5	Works closely with compliance team and team leader to develop and execute policy with regard to inclusionary zoning policy.
3	Represents MOH before interagency committees, boards and commissions.
2	Other duties as assigned.

MINIMUM SKILLS AND QUALIFICATIONS

Undergraduate degree in related field, e.g. real estate, business or public administration, or related field required. Minimum of five years experience in the field of real estate finance or housing program administration (public, for-profit or non-profit) including three years of experience in housing finance or mortgage loan analysis or contract administration. Familiarity with loan underwriting, construction, administration and requirements of state and federal housing programs. Demonstrated computer literacy with working knowledge of work processing, spreadsheet and communications software. Ability to work with minimum supervision in a team environment and demonstrate effective oral and written communication skills with developers, property owners, community organizations, tenants and other public and private organization with sensitive

Mayor's Office of Housing
Job Description: Class 1370 Housing Compliance Manager

The position administers requirements for a variety of compliance requirements for MOH activities, including contract procurement, AA/EEO and City equal opportunity requirements, local and Section 3 hiring and contracting, environmental and historic preservation reviews, accessibility standards, fair housing, relocation, lead hazard management and prevailing wages.

Duties and Responsibilities

% Time	Task
30	Review MOH projects and activities to ensure ongoing compliance with federal, state and local requirements applicable to those activities.
20	Act as principal MOH liaison on compliance matters with other regulatory agencies, including HUD, The State Historic Preservation Office, the City Human Rights Commission, the Planning Department, and the Housing Authority.
15	Investigate instances of possible noncompliance and prepare recommendations for management on possible courses of action to come into compliance.
15	Establish procedures and checklists for use by MOH staff for project management and approvals.
10	Provide training and technical assistance to developers, other City departments and MOH staff regarding compliance and contracting issues.
5	Advise management on compliance policy issues and pending legislation.
5	Participate in preparing required reports for the Board of Supervisors, HUD and other agencies.

Minimum skills and qualifications:

Bachelor's degree required in related field, e.g. real estate, planning, public administration, economics, etc. Minimum of five years experience in housing development, real estate finance, or housing program administration (public, for-profit or non-profit), including a minimum of two years experience in housing program administration. Familiarity with program compliance oversight and monitoring, including federal contracting requirements and local requirements comparable to those of San Francisco. Knowledge of and experience with word processing, spreadsheet and database management systems. Ability to work with minimum supervision in a team environment and to handle detail-oriented work. Ability to communicate effectively and sensitively, both orally and in writing, with a broad variety of people and agencies. Ability to work with developers, contractors, property owners, community organizations and tenants in carrying out City housing programs.

Mayor's Office of Community Development
Job Description: Class 1373 Special Assistant XIV, Loan Project Manager

This position reports to the Program Manager for the Community Economic Development Division of MOCD. This person will manage multiple loan and technical assistance projects and provide staff supervision and support to loan program and grants staff. This person will develop marketing and community outreach plan for loan programs. This person will also conduct underwriting analysis and serve as a loan processor, working with borrowers from the application through the loan servicing phases. It will entail extensive contact with the public including establishing relationships with local banks to leverage private sector capital and resources for small businesses through Community Reinvestment Act programs; and marketing city loan programs to local financial institutions, business organizations and non-profit groups. This position will serve as a resource for information on public & private loan programs, tax credits, technical assistance programs for small business, and employment training needs of small business.

DUTIES AND RESPONSIBILITIES

% Time	Task
20	Manage multiple loan and technical assistance projects and provide staff supervision and support to loan program and grants staff.
15	Conduct loan underwriting analysis, preparation of loan documents, and loan closings.
5	Process borrower loan draw requests and payments.
20	Assist borrowers and NEDOs in compiling loan packages and other submission forms.
15	Establishing marketing and outreach program to local banks through Community Reinvestment Act Programs to access capital and services for small businesses.
10	Serve as information resource person for public private loan programs, tax credits, and employment training needs of small business.
15	Other duties as assigned

MINIMUM SKILLS: Undergraduate degree and a minimum of five years of work experience in related fields. Knowledge of loan underwriting, principles and practices. Knowledge of Community Reinvestment Act requirements of financial institutions and their relationship to small businesses. Demonstrated computer literacy with working knowledge of word processing, spreadsheet and communications software. Candidates should have demonstrated project management experience. Candidates should have experience in collecting and coordinating information from multiple organizations, knowledge of community development banking and lending industry, developing marketing plans for lending programs, and general knowledge of the needs of small businesses. This position requires general understanding of HUD's Community

City and County of San Francisco

Department of Human Resources

ANDREA R. GOURDINE
HUMAN RESOURCES DIRECTOR

August 13, 2001

Sholanda Baldwin
Director of Operations, Mayor's Office
City Hall, Room 200
San Francisco, CA 94102

RE: SPECIAL ASSISTANT NOTIFICATION

Dear Ms. Baldwin:

Your request to upgrade 1-1366 Special Assistant VII position to 1-1369 Special Assistant X has been reviewed. Based upon the documentation provided, including the tasks and duties performed by the incumbent, we recommend reclassification into **Civil Service class 1052 IS Business Analyst.**

The incumbent in subject position currently functions as the Information Systems Specialist and reports to the Fiscal Services Director of MOCD.

According to the documentation submitted with this request, during the past 2 years MOCD (with assistance from DTIS) has created a computer based infrastructure for managing their programs and many of the tasks currently assigned to subject position did not exist. Besides performing MIS functions, the incumbent in subject position will be responsible for working directly with data collection and training in the non-profit sector.

Originally, the Information Systems Specialist was responsible for providing technical assistance to management and staff; coordinating the electronic distribution of information; developing and coordinating internal review of MOCD information and implementation of IS policies within the department; assisting the MIS coordinator in network management; assisting in the identification, coordination and development of applications for internal and external information collection and dissemination; providing technical assistance to Community Based Organizations.

In addition, incumbent in subject position is now troubleshooting software problems through telephone and in-person support; monitoring and maintaining computer and telecommunications equipment; installing, converting, and testing systems; installing, maintaining and upgrading hardware and peripherals; analyzing user needs and designing or assisting in the design of interface applications between systems, i.e., embedding database information to create standardized grants and contracts; interfacing with program and technical staff to describe, define, and communicate needs; analyzing needs, cost-benefits, and feasibility of new applications; assisting technical staff in providing estimates to other departments regarding data wiring projects; developing standardized reports for program management and/or database management; analyzing work processes; writing and developing customized applications to streamline routine tasks, i.e., electronic time sheets; analyzing data processing needs; writing specifications for application development; writing procedures and documentation; and performing other duties as assigned.

This position is funded through the Community Development Block Grant and the department has indicated that monies have been placed in reserve to fund this upgrade.

Sincerely,

for

Ana G. Borja-Valdes
Principal Personnel Analyst

cc: Linda Marini, DHR
Roger Sanders, MYR
File

City and County of San Francisco

Department of Human Resources

ANDREA R. GOURDINE
HUMAN RESOURCES DIRECTOR

August 9, 2001

Sholanda Baldwin
Director of Operations, Mayor's Office
City Hall, Room 200
San Francisco, CA 94102

RE: SPECIAL ASSISTANT NOTIFICATION

Dear Ms. Baldwin:

Your request to upgrade 1-1369 Special Assistant X position, to 1-1370 Special Assistant XI, has been reviewed and approved. Incumbent in subject position functions as the Housing Compliance Manager and reports to the Director of MOH.

This request is based on increased responsibilities assigned to subject position. More specifically, the incumbent in subject position is now responsible for managing a variety of compliance requirements for MOH activities, including contract procurement, and advising management on compliance policy issues and pending legislation.

Originally, the Housing Compliance Manager was responsible for: overseeing and ensuring compliance of City-funded projects with Federal, state and local program requirements; establishing policies, procedures and compliance checklists for use by MOH staff for project management and approvals; monitoring contract procurement, AA/EEO and City equal opportunity requirements, local and Section 3 hiring and contracting, environmental and historic preservation reviews, accessibility standards, lead hazard management and prevailing wages; providing training and technical assistance to developers, other City departments and MOH staff regarding compliance issues; and working with other members of the planning and monitoring team in preparing required reports for the Board of Supervisors, HUD, and other agencies.

In addition, the incumbent in subject position is responsible for: acting as the principal MOH liaison on compliance matters with other regulatory agencies, including HUD, the State Historic Preservation Office, the Human Rights Commission, the Planning Department and the Housing Authority; and investigating instances of possible non-compliance and preparing recommendations for management on possible courses of action; and working on other projects as assigned by the Director and/or the Mayor.

This position is funded through the Community Development Block Grant and the department has indicated that monies have been placed in reserve to fund this upgrade. This position has been designated exempt per Charter Section 10.104.1.

Sincerely,

Ana Borja-Valdes

Ana Borja-Valdes
Principal Personnel Analyst

cc: Roger Sanders, MYR
Andrea Gourdine, DHR
File

City and County of San Francisco

Department of Human Resources

ANDREA R. GOURDINE
HUMAN RESOURCES DIRECTOR

August 9, 2001

Sholanda Baldwin
Director of Operations, Mayor's Office
City Hall, Room 200
San Francisco, CA 94102

RE: SPECIAL ASSISTANT NOTIFICATION

Dear Ms. Baldwin:

Your request to upgrade 1-1369 Special Assistant X position, to 1-1370 Special Assistant XI has been reviewed and approved. The incumbent in subject position functions as the Housing Program Manager and reports to the Single Family Housing Programs Director of MOH. The reason for this request is due to significant changes in program duties which involve the creation and execution of City policy and procedures designed to protect housing affordability through direct loan subsidies, tax credits and price restricted units.

Originally, the Housing Program Manager was responsible for issuing funding notices; evaluating requests for funds and making recommendations; preparing loan and grant documents and closing loans; assisting in the development and implementation of MOH policies and procedures; monitoring construction progress and loan compliance; reviewing and approving funding disbursements; providing technical assistance to developers on zoning, environmental, historic preservation, affirmative action, relocation and accessibility requirements; and representing MOH before interagency committees, City boards, Commissions and other organizations

In addition, the incumbent in subject position is responsible for: negotiating, monitoring and executing inclusionary requirements with developers, agents, and owners in resale transactions; working with non-profit housing agencies, lenders and housing developers in both the private and public sectors; reviewing grants proposals and issuing and reviewing RFPs; providing direct outreach and education to the public for single family programs; and working on other projects as assigned by the Director and/or the Mayor.

This position is funded through the Community Development Block Grant and the department has indicated that monies have been placed in reserve to fund this upgrade. This position has been designated exempt per Charter Section 10.104.1.

Sincerely,

Ana Borja-Valdes
Principal Personnel Analyst

cc: Roger Sanders, MYR
Andrea Gourdine, DHR
File

City and County of San Francisco

Department of Human Resources

ANDREA R. GOURDINE
HUMAN RESOURCES DIRECTOR

August 9, 2001

Sholanda Baldwin
Director of Operations, Mayor's Office
City Hall, Room 200
San Francisco, CA 94102

RE: SPECIAL ASSISTANT NOTIFICATION

Dear Ms. Baldwin:

Your request to upgrade 1-1372 Special Assistant XIII position (Loan Program Specialist,) to 1-1373 Special Assistant XIV has been reviewed and approved. The incumbent in subject position functions as the Loan Project Manager and reports to the Program Manager for the Community Economic Development Division of MOCD.

A review of the documentation supporting this request indicates that the responsibilities assigned to subject position have increased. More specifically, the responsibilities assigned to subject position have been expanded to include project management oversight for two major City programs: the Bayview Business Resource Center project and the Capital Access project.

Originally, this position had responsibility for: assisting with the development of department policies to promote effective economic development practices; assisting borrowers and NEDOs in compiling loan packages and other submission forms; establishing marketing and outreach programs to local banks through Community Reinvestment Act programs to access capital and services for small businesses; conducting loan underwriting analysis, preparation of loan documents, and loan closings; maintaining database and providing staff support to the division; serving as a information resource for public loan programs, tax credits and employment training needs of small business; and processing borrower loan draw requests and payments.

In addition, the incumbent in subject position is managing multiple loan and technical assistance projects; providing guidance, training and support to staff of non-profit agencies which provide services and training to small businesses; supervising loan program and grants staff; and working on other projects as assigned by the Program Manager and/or the Mayor.

This position is funded through the Community Development Block Grant and the department has indicated that monies have been placed in reserve to fund this upgrade. This position has been designated exempt per Charter Section 10.104.1.

Sincerely,

Ana G. Borja-Valdes
Principal Personnel Analyst

cc: Roger Sanders, MYR
Andrea Gourdine, DHR
File

MAYOR'S OFFICE OF COMMUNITY DEVELOPMENT
CITY AND COUNTY OF SAN FRANCISCO

WILLIE LEWIS BROWN, JR.
MAYOR

PAMELA H. DAVID
DIRECTOR

DATE: August 14, 2001

Memorandum

TO: Harvey Rose
Budget Analyst

FROM: Roger Sanders

RE: Release of Reserve for Staff Reclassifications

On July 20, 2001 HUD provided the City with a grant agreement approving the 2001-2002 CDBG program. This agreement was signed and returned to HUD on August 6, 2001. This program included the funding for the staff reclassification reserved amount described in the expenditure schedule approved by the Board of Supervisors (Resolution No. 324-01).

It has been the policy of the Mayor's Office, of which we are a part, that the majority of employees are Special Assistants. The Mayor's Office is reviewing that policy, and we will be working closely with the Department of Human Resources (DHR) to determine if MOCD (and other Mayor's Office divisions) should move to reclassify some of our staff. It would be inappropriate and premature to change the classification of just these 4 employees...their reclassifications are in line with our current organizational structure and classifications. These positions would certainly be looked at along with all others if the Mayor's Office and DHR determine that a major reclassification is in order. To add to the complexity, MOCD and MOH staff have responsibilities that are not shared by other City staff, and, from what we are aware, would not/could not be easily reclassified into existing Civil Service classes.

Historically, Special Assistants are only one class of exempt employees in the Mayor's Office. While Special Assistants are as a group exempt, we have other employees in exempt classes including Community Development Specialists (9700 series).

25 Van Ness Avenue., Suite 700 • San Francisco, California 94102 • (415) 252-3100 FAX (415) 252-3110
TDD (415) 252-3107 www.ci.sf.ca.us/mocd

Item 6 – File 01-1425

Department: Department of Public Health (DPH)
Department of Administrative Services (DAS) - Real Estate Division (RED)

Item: Resolution authorizing a new lease of real property at 2712 Mission Street on behalf of the Department of Public Health, Community Mental Health Services.

Location: 2712 Mission Street between 23rd and 24th Streets

Purpose of Lease: To consolidate three neighborhood mental health clinics and the associated administrative staff into one central location (See Comment 1)

Lessor: 2712 Mission Partners, L.P. (Mission Partners)

Lessee: City and County of San Francisco on behalf of the DPH.

No. of Sq. Ft. and Cost Per Month: 32,000 square feet of rentable square area at a monthly rental rate of $90,933.33 per month (approximately $2.84 per square foot per month). On an annual basis, rent would total $1,091,200 (approximately $34.10 per square foot per year) during the first 24 months of the subject lease.

Annual Increases to the Base Rent: Under the subject lease agreement, the rental rate would increase by the percentage increase in the Consumer Price Index (CPI) for the San Francisco Metropolitan Area provided that the base rate cannot decrease nor increase by more than 10 percent for a two-year period or an average of 5 percent per year. Rental rates would be subject to increase every two years on the following dates: October 1, 2003, October 1, 2005, October 1, 2007 and October 1, 2009.

Term of Lease:	Upon substantial completion of tenant improvements by the Lessor (anticipated to be October 1, 2001) through September 30, 2011 (ten years).
Right of Renewal:	The City would have three options for five years each to extend the term of the proposed lease. The rent would be at 95 percent of the prevailing market rent at the time each option to extend is exercised. Mr. Julian Sutherland from the RED advises that at the time of renewal, the landlord will determine the prevailing market rent for 2712 Mission Street based on space of comparable size and location. Mr. Sutherland further advises that the City has the right to dispute the landlord's prevailing market rate and such dispute would be resolved by meeting with the landlord at least 2 times to resolve the disagreement and if no resolution can be reached then separate appraisals will be done to determine the correct market rent. The Director of Property can revoke the extension if the Director does not approve the prevailing rate determined by the appraisals . If the City chooses to exercise the option, the City must give written notice to the Landlord no later than 180 days prior to the expiration of the term to be extended. All such renewals are subject to appropriation approval of the Board of Supervisors.
Utilities, Janitorial And Other Services:	Provided by the DPH at an estimated annual cost to DPH of $27,200 per month ($0.85 per square foot per month) for an annual cost of $326,400.
Source of Funds:	According to Ms. Judy Schutzman from the DPH, $1,063,200 (nine months at $90,933.33 for rent plus nine months at $27,200 for utilities, janitorial and other services) has been budgeted in FY 2001-2002 for nine months of rent and utilities and janitorial and other services for 2712 Mission Street. Additionally, DPH's FY 2001-2002 budget included $20,000 for moving costs and $200,000 for telephone costs (see Comment 4). Ms. Schutzman advises that funding for 2712 Mission Street for FY 2001-2002 is 62 percent from Federal and State grants and 38 percent from General Fund monies. Ms. Schutzman advises that

such costs would be funded from DPH's annual budget in future years.

Description: The proposed resolution would authorize DPH to enter into a new ten-year lease for 32,000 square feet of rentable space at 2712 Mission Street with 2712 Mission Partners, L.P. According to Ms. Schutzman, this space would be used to provide mental health outpatient and day treatment services to a total caseload of approximately 1,600 clients at any given time (or approximately 2,500 unduplicated clients each year) and provide coordination of inpatient services by co-locating DPH's residential treatment, long-term care and discharge planning units. These units arrange for placement and discharge of clients who are receiving treatment in hospitals, residential care facilities, and institutions which contract with DPH. Ms. Schutzman advises that 85 DPH employees would move from four leased locations into 2712 Mission Street (see Comments 1 and 2 below).

Comments: 1. According to Ms. Schutzman, the proposed new lease would provide for the consolidation of three other leased facilities providing mental health services into one facility at 2712 Mission Street, as well as to incorporate the associated mental health administrative staff presently located at a fourth leased facility at 1380 Howard Street. Ms. Schutzman advises that the three mental health clinics which will be relocated to 2712 Mission Street are currently located at: (1) 3901& 3911 Mission Street; (2) 755 South Van Ness Avenue; (3) 111 Potrero Avenue; and the associated administrative staff will be relocated from leased space at 1380 Howard Street, which DPH currently uses as administrative office space. Ms. Schutzman advises in an attached memorandum (Attachment I) that the consolidation of the three clinics and the associated administrative staff is the culmination of more than five years of searching for one consolidated facility to provide mental health outpatient and day treatment services in a central location which has adequate public transportation for patient access.

Attachment II, provided by Mr. Schutzman, contains the monthly rental costs for each of these four facilities that would be relocated to 2712 Mission Street, the amount of square feet in each of the four facilities, and the number of employees in each of the four facilities, and the average number of square feet per employee at each of the four facilities. Based on the data contained in Attachment II, the proposed new lease containing 32,000 square feet would have 11,229 of 54.1 percent more square feet than the 20,771 square feet in the four existing leased facilities. In Attachment I, Ms. Schutzman reports that the total rentable square feet increases by 54.1 percent but the actual office space for staff only increases by 14.7 percent. The total proposed rent of $1,091,200 per year is $641,248 or 142.5 percent more annually than the total annual cost of $449,952 for the four existing leased facilities. Mr. Sutherland reports that the City must vacate 111 Potrero Avenue by the end of this calendar year because that lease expires and the owner has notified DPH that they cannot renew the subject lease. Therefore, the City, at a minimum would have to lease a new location for the mental health clinic currently located at 111 Potrero by no later than January 2002. In Attachment I, Ms. Schutzman advises that the lease payments for the three clinic locations would terminate upon 30 days notice to the landlords and DPH will send such notices once they know the exact date they can move to the 2712 Mission Street facilty. Mr. Sutherland also reports that all of the existing clinics are currently located in buildings that do not appear to meet the City's current building and safety code standards, including ADA (Americans with Disabilities Act) compliance, and 111 Potrero does not meet current seismic standards. Mr. Sutherland advises that the three clinics to be moved to 2712 Mission Street are all currently on month-to-month leases. Ms. Schutzman advises that the 18 employees, the 3,600 square feet and the $5,112 monthly rent for 1380 Howard Street as shown in Attachment II only relates to the 18 administrative staff that support the three separate mental health clinics. Ms. Schutzman advises that DPH currently occupies 70,000 square feet of space at 1380 Howard Street and approximately

350 DPH employees will remain at 1380 Howard Street once the 18 administrative staff move to 2712 Mission Street. Ms. Schutzman states that the space vacated by the 18 administrative staff would be used to house new grant-funded positions for Children's Services and a physical/behavioral health integration project. Therefore, Ms. Schutzman advises that the 200 square foot per employee would remain approximately the same, at 1380 Howard Street.

2. As reported by Ms. Schutzman in Attachment II, a total of 85 employees will be moving from the four existing leased facilities to 2712 Mission Street. According to Mr. Sutherland, since the proposed premises will be used primarily as mental health clinics, the standard space per employee is not directly applicable. Nonetheless, Mr. Sutherland reports in Attachment III, that approximately 19,585 square feet of the proposed 32,000 square feet is staff/administrative area or approximately 230 square feet per employee. Mr. Sutherland reports that the remaining area of approximately 12,415 square feet of the proposed 32,000 square feet would be used (a) as interview/exam rooms, (b) for patient day care, (c) for storage of pharmaceuticals and medical supplies, (d) for medication dispensing and injection rooms, and (e) to serve as reception, group and individual therapy rooms.

3. Mr. Sutherland advises that the Lessor, 2712 Mission Partners, L.P. would construct, tenant improvements pursuant to the DPH's specifications, which would meet current building code requirements and make the subject building located at 2712 Mission Street ADA compliant. Mr. Sutherland advises that Mission Partners will construct the tenant improvements at no cost to the City unless the City makes changes to the tenant improvements or delays tenant improvements that result in an increase of costs to Mission Partners. However, Mr. Sutherland advises that as of the writing of this report only minor changes or delays could be expected, which would not result in significant costs to the City. In any event, any additional appropriation would be subject to

approval by the Board of Supervisors. Mr. Sutherland reports that as of the writing of this report he is uncertain as to the total tenant improvement costs to be incurred by the Lessor. In Attachment III, Mr. Sutherland reports that the owner of the property agreed, in return for a market rent lease of ten years, to build out the space to DPH specifications at no cost to the City. According to Mr. Sutherland, the DPH anticipates the improvements will be substantially completed by October 1, 2001. Therefore, Mr. Sutherland advises, DPH will take occupancy of 2712 Mission Street on or about October 1, 2001 if the proposed lease agreement between the City and Mission Partners is approved. As mentioned above, in Attachment I Ms. Schutzman advises that the lease payments for the three existing clinic locations would terminate upon 30 days notice to the landlords and DPH will send such notices once they know the exact date they can move into the 2712 Mission Street facility.

4. Ms. Schutzman advises that the Department would also pay for moving expenses at an estimated cost of $20,000, and telephone wiring and installation at an estimated cost of $200,000, which would be provided by the Department of Telecommunications and Information Services. Such expenses would be paid from DPH's Fiscal Year 2001-2002 Operating Budget, according to Ms. Schutzman.

5. The subject lease includes an option to purchase the property at 2712 Mission Street for $12,500,000 at any time prior to January 1, 2004. Attachment IV, provided by the RED, is the Purchase Option Agreement. The basis for the $12.5 million value is the owner's opinion of the value of the building after the leased has been executed and delivered to both parties and the tenant improvements have been completed, according to Mr. Sutherland. Mr. Sutherland advises that there is no provision in the Purchase Option Agreement to apply any rent previously paid toward the purchase price of the building. Purchase of the building located at 2712 Mission Street would be subject to separate Board of

Supervisors approval. According to Ms. Schutzman in Attachment I, DPH is not certain at this time if the Department will exercise the Purchase Option. As of the writing of this report Mr. Sutherland states that the RED has not made an independent appraisal to determine the current fair market value of the 2712 Mission Street facility.

6. According to Mr. Sutherland, the proposed monthly rental rate of $90,933.33 or $2.84 per square foot per month for the 2712 Mission Street facility represents fair market value.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors because the annual rent for the 2712 Mission Street facility is $1,091,200, which is 142.5 percent or $641,248 more than the total annual rent of $449,952 for the four existing leased facilities. Further, the new facility contains 11,229 more square feet than the four existing facilities.

City and County of San Francisco
Department of Public Health
Population Health & Prevention

COMMUNITY MENTAL HEALTH SERVICES

Judith Schutzman, MPA
Operations Manager

1380 Howard Street, 5th Floor
San Francisco, CA 94103-2614
(415)255-3405 FAX (415)252-3015
Judy_Schutzman@dph.sf.ca.us

MEMORANDUM

Date: August 14, 2001

To: Maureen Singleton
Board of Supervisors Budget Analyst

From: Judy Schutzman

Subject: 2712 Mission Street

Community Mental Health Services is proposing to consolidate three mental health outpatient clinics currently located at 3901-3911 Mission, 755 S. Van Ness and 111 Potrero and related administrative functions from 1380 Howard Street to a new location at 2712 Mission Street. This is the culmination of a more than five-year search for space in a central location that serves the Mission neighborhood and is on a major public transit line. The landlord at 111 Potrero has notified us that he wants us to move by December 31st. All three of the clinic properties are on month-to-month leases with a 30 cancellation notice requirement. Once we know a firm construction completion date, landlords will be sent appropriate termination notices. The total rentable square feet increases by 54% but the actual office space for staff only increases by 14%.

The City has an option to purchase the property at a cost of $12,500,000. This Option may be exercised at any time during the term of the lease but no later than January 1, 2004.

The purchase is subject to approval by the Mayor and Board of Supervisors and only after the City has completed its "Due Diligence". Approval is contingent on the successful issuance, delivery and sale of bonds or other financing mechanism. The City must obtain this approval with 175 days of exercising the Option or the landlord may terminate the City's purchase option. Bonds or other financing mechanism must be obtained within 270 days of exercising the Option.

There is no credit for rent paid prior to the exercising of the Option.

DPH has not decided whether to exercise the option at this time. As the option period gets closer, we will evaluate our long-term need for space along with the prevailing rental market rates to determine whether a purchase is appropriate.

All three of the clinics provide outpatient individual and group therapy, case management services, day treatment and medication management to mentally ill adults. The Mission Integrated Service Center (ISC) at 111 Potrero is a central intake point for new clients and also provides crisis intervention and assessment. Mission Assertive Community Treatment (ACT) at

755 S. Van Ness has a focused caseload of severely mentally ill adults who also receive vocational rehabilitation services and training in dealing with the tasks of daily living. SE Mission Geriatrics at 3901-11 Mission Street serves elderly clients in the Mission and southeast corridor of the City.

The combined caseload is approximately 1600 clients at any given time.

The new site will also enable coordination of inpatient services by co-locating the residential treatment, long-term care and discharge planning units. These units arrange for placement and discharge of clients who are receiving treatment in hospitals, residential care facilities, and institutions that contract with the Department. At present, the long-term care staff is located in two different sites – 3911 Mission and 1380 Howard Streets – with one manager traveling between them. Space vacated at 1380 Howard Street will be used to house new grant-funded positions for Children's Services and a physical/behavioral health integration project.

Please let me know if you need additional information.

Cc: Julian Sutherland, RED

Attachment II

8/16/01

DEPARTMENT OF PUBLIC HEALTH
COMMUNITY MENTAL HEALTH SERVICES
PROPOSED RELOCATION TO 2712 MISSION STREET

Address	Start	Term	Square Feet	Monthly Rent	Annual Rent	Cost per Sq Ft.	Common Area*	Net Office Area	No. Staff**	Sq. Ft. per staff
Current										
3901-05, 3911 Mission	4/13/79	Mon. to Mon.	4,070	4,884	58,608	1.20	500	3,570	22	162
111 Potrero	6/30/88	Mon. to Mon.	6,000	15,000	180,000	2.50	1,200	4,800	25	192
755-761 S. Van Ness	6/30/82	Mon. to Mon.	7,101	12,500	150,000	1.76	2,000	5,101	20	255
1380 Howard	6/1/01	6/30/06	3600	5,112	61,344	1.42	0	3,600	18	200
Total			20,771	37,496	449,952	1.81	3,700	17,071	85	201
Proposed										
2712 Mission	10/1/01	9/30/11	32,000	90,933	1,091,200	2.84	12,415	19,585	85	230
Difference			11,229	53,437	641,248	1.03	8,715	2,514	0	29

* Includes group therapy rooms, conference rooms, waiting rooms, medication storage & dispensing

* *Staff count includes City employees only. Does not include student interns who do their graduate school field placement at the clinics. There are 8-10 students per each 9 month school year. If included in the total staffing, square feet per staff is reduced to 180 and 206 respectively.

City and County of San Francisco

Real Estate Division
Administrative Services Department

MEMORANDUM

August 16, 2001

TO: Maureen Singleton

FROM: Julian Sutherland
554-9866

SUBJECT: 01-1425, 2712 Mission Street Lease

The lease at 2712 Mission Street is a "turnkey" build-out of mental health specific space described in the conceptual space plan approved by DPH and RED. DPH and RED will approve the final construction documents prior to construction. The owner of the property agreed, in return for a market rent lease of ten years, to build out the space to our specifications at no cost to the City.

The confidentiality requirements of the mental heath clinic operation necessitate extra soundproofing and more numerous small private offices than a typical office build out. In addition, space is required for interview/exam rooms, patient day care, secure medical storage, medication dispensing and injection rooms, group and individual therapy rooms, a large reception area and a kitchen. Our estimate from the conceptual space plan is that approximately 19,585 square feet of the 32,000 square feet in the building is staff/ administrative space. We have been advised by DPH that they are currently unable to function efficiently at their locations due to lack of this space.

(415) 554-9850
FAX: (415) 552-9216

25 Van Ness Avenue, Suite 400

Office of the Director of Property
San Francisco, CA 94102

EXHIBIT G

PURCHASE OPTION AGREEMENT

1. OPTION TO PURCHASE

1.1. Grant of Option to Purchase

Landlord hereby grants to City an exclusive and irrevocable option to purchase (the "Purchase Option") the Property for the price and upon the terms and conditions specified herein. City may exercise the Purchase Option at any time during the Term of the Lease that is prior to January 1, 2004 (the "Option Term") by giving Landlord written notice of its intent to exercise the Purchase Option, provided that City shall have cured any past Event of Default at the time City exercises the Purchase Option and as of the Closing Date, as applicable. City's purchase of the Property pursuant to the Purchase Option shall be subject to approval by City in its sole discretion of such additional environmental and other investigations of the Property as City may deem appropriate ("Due Diligence"), and approval by City's Board of Supervisors and Mayor, in their respective sole discretion, and due adoption of a resolution authorizing such purchase and ordinance appropriating all necessary funds in accordance with all applicable laws (including CEQA). City shall conclude any Due Diligence and obtain approval by City's Board of Supervisors and Mayor, in their respective sole discretion, no later than one hundred and seventy-five (175) days after such exercise. Landlord shall have the right to terminate City's Purchase Option if such approvals have not been obtained by said one hundred and seventy-fifth (175^{th}) day. Such approvals shall be contingent upon and subject to City's successful issuance, delivery and sale of bonds or another financing mechanism to finance acquisition of the Property, which shall occur no later than two hundred and seventy (270) days after City's exercise of this Purchase Option. Upon obtaining such approvals and financing, City shall be obligated to purchase from Landlord and Landlord shall be obligated to sell and convey to City the Property for the purchase price and on the terms and conditions set forth hereinbelow.

1.2. Purchase Price

The total purchase price for the Property shall be Twelve Million Five Hundred Thousand Dollars ($12,500,000) (the "Purchase Price").

1.3. Closing

The purchase and sale of the Property contemplated by this Article (the "Closing") shall close on or before the date that is two hundred seventy (270) days from the date of City's notice of its intent to exercise the Purchase Option (the "Closing Date") through an escrow opened by City with Chicago Title Company (the "Title Company") or such other title insurance company qualified to do business in the State of California with an office located in the City and County of San Francisco as City may select. Prior to the Closing Date, Landlord and City shall each deposit in escrow with the Title Company all documents and funds necessary to close the purchase and sale, together with escrow instructions consistent herewith. Landlord shall convey to City by grant deed fee simple title to the Property (or such portion thereof as shall have not

been taken by eminent domain in the event of a taking prior to the Closing Date), subject only to the following (collectively, the "Purchase Option Permitted Exceptions"): (i) a lien for real property taxes and assessments not yet due and payable for the tax fiscal year in which the Closing Date occurs, (ii) any other easements or title exceptions (excluding any Encumbrances) created or suffered by City or consented to in writing by City in its sole discretion or granted by Landlord solely at City's written request, and (iii) any other exceptions approved by the City during the Due Diligence period. City shall advise Seller, within the Due Diligence period, what title and survey exceptions, if any, City is willing to accept. Landlord shall have ten (10) days after receipt of City's notice of any objections to title and survey matters to give City: (i) evidence satisfactory to City of the removal of all objectionable exceptions from title or that such exceptions will be removed or cured on or before the Closing Date, either at Landlord's sole expense,; or (ii) notice that Landlord elects not to cause such exceptions to be removed. If Landlord gives notice under clause (ii), City shall have ten (10) business days to elect to proceed with the purchase or terminate this Option to Purchase. If City shall fail to give Landlord notice of its election within such ten (10) days, City shall be deemed to have elected to terminate this Option. If Landlord gives notice under clause (ii) and City elects to proceed with the purchase, Landlord shall reasonably cooperate with City to cure such objectionable matter, provided that Landlord shall have no obligation to expend money.

Delivery of title in accordance with the foregoing shall be evidenced by the commitment of the Title Company to issue to City, or its nominee, an ALTA Owner's Policy of Title Insurance (Form B - 1970 amended 4-6-90) (the "Title Policy") in the amount of the Purchase Price insuring fee simple title to the Property in City, or its nominee, free of the liens of all Encumbrances, rights of tenants or other occupants and all other exceptions, liens or encumbrances except solely for Purchase Option Permitted Exceptions. The Title Policy shall contain such special endorsements and provisions on co-insurance or re-insurance as City may reasonably require.

1.4. Damage or Destruction; Eminent Domain

If prior to the Closing Date any of the Property are damaged or destroyed or if condemnation proceedings are commenced against any of the Property by any entity other than the City, then the rights and obligations of City and Landlord hereunder shall be as follows:

(a) If such damage or destruction is fully covered by Landlord's insurance (except for the deductible amount thereunder, for which Landlord shall be responsible), and the insurer agrees to timely pay for the entire cost of such repair, and such damage or destruction would cost less than One Million Dollars ($1,000,000) (the "Threshold Damage Amount") to repair or restore, then City shall proceed with the purchase. In such case, City shall receive a credit against the Purchase Price equal to such deductible amount, and Landlord shall assign to City at the Closing all of Landlord's right, title and interest in and to all proceeds of insurance on account of such damage or destruction pursuant to an instrument satisfactory to City.

(b) If such damage or destruction is not fully covered by Landlord's insurance (other than the deductible amount) and would cost less than the Threshold Damage Amount to repair or restore, then City shall proceed with the purchase and shall receive a credit against the

Purchase Price at the Closing in an amount reasonably determined by Landlord and City (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction.

(c) If the cost to repair such damage or destruction equals or exceeds the Threshold Damage Amount, or if condemnation proceedings are commenced against any of the Property by any entity other than the City, then, City shall have the right, at its election, to rescind its exercise of the Purchase Option in its entirety, or only as to that portion of the Property damaged or destroyed or subject to condemnation proceedings (in which case there shall be an equitable adjustment to the Purchase Price), or to purchase the Property (or the portion not damaged or affected by condemnation, as the case may be, subject to the requirements of the Subdivision Map Act). City shall have thirty (30) days after an event described in this subsection has occurred to make such election by delivery to Landlord of an election notice. City's failure to deliver such notice within such thirty (30) day period shall be deemed City's election to rescind its exercise of the Purchase Option in its entirety. If the exercise of the Purchase Option is rescinded in its entirety or in part pursuant to this subsection, then City and Landlord shall each be released from all obligations under this Section pertaining to that portion of the Property affected by such rescission. If City does not elect to rescind its exercise of the Purchase Option, Landlord shall notify City of either Landlord's intention to repair such damage or destruction, in which case City shall proceed with the purchase of the Property, or Landlord's intention to give City a credit towards the Purchase Price at the Closing in an amount reasonably determined by City and Landlord (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction, but such credit shall not be greater than the insurance proceeds available to Landlord, provided that Landlord has maintained the insurance required by the Lease. Any repairs elected to be made by Landlord pursuant to this subsection shall be made within one hundred fifty (150) days following such damage or destruction and the Closing shall be extended until the repairs are substantially completed.

1.5. Costs and Expenses

City shall pay for the cost of the premium of the extended coverage title insurance policy to be issued to City on the Closing Date. City and Landlord shall share any escrow or recording fees for the purchase and sale. City shall pay documentary transfer taxes, if any on the on the recordation of the grant deed. Real Estate Taxes shall be prorated as of the Closing Date. Rent and any and all other charges payable hereunder shall be prorated as of the Closing Date.

Item 7 - File 01-1176

Departments: Department of Administrative Services, Real Estate Division (RED)
Department of Public Health (DPH)

Item: Resolution authorizing a new lease of 3,000 square feet at 100 Blanken Street for services to be provided by the Department of Public Health's Southeast Child Family Therapy Center that are currently located at 10 29th Street and 20 29th Street.[1]

Location: 100 Blanken Street

Purpose of Lease: To provide services in a wheelchair accessible facility for the DPH Southeast Child Family Therapy Center.

Lessor: Salvador Jimenez, Jr. and Celestina Jimenez.

Lessee: City and County of San Francisco, acting by and through DPH.

No. of Sq. Ft. and Cost Per Month: 3,000 square feet at a monthly rental rate of $5,125 (approximately $1.71 per square foot per month). The proposed monthly rental rate of $5,125 includes $3,000 in base rent, or approximately $1.00 per square foot per month, and $2,125 in amortized tenant improvement costs, or approximately $0.71 per square foot per month (see Tenant Improvements). On an annual basis, rent would total $61,500 (approximately $20.50 per square foot per year).

Annual Increases to the Base Rent: Annual increases to the base rent over the five year term of the lease would be based on the percentage increase in the Consumer Price Index (CPI) for the San Francisco Metropolitan Area. Annual increases to the base rent would be no less than three percent and no more than six percent.

Term of Lease: Anticipated commencement date is October 1, 2001 through September 30, 2006 (five years).

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[1] 10 29th Street is located next door to 20 29th Street. Both addresses are under the same lease agreement and, for the purpose of this report, will be identified as the same location.

Right of Renewal: None.

Utilities: To be provided by the City at an estimated annual cost of $3,200 ($267 per month).

Janitorial Services: To be provided by the City at an estimated annual cost of $7,200 ($600 per month).

Tenant Improvements: According to Ms. Claudine Venegas of the Real Estate Division, the City would be required to pay for tenant improvements at a principal cost not to exceed $176,880. The improvements and the related estimated costs are shown in Attachment I, in a vendor quotation provided by DPH. The City would be responsible for amortizing $100,000 at an annual interest rate of 10 percent of the tenant improvement costs over the five-year term of the lease, resulting in monthly payments by the City to the landlord of $2,125, or approximately $0.71 per square foot, for a five-year total payment of $127,500 including $100,000 in principal and $27,500 in interest. This monthly payment of $2,125 is included in the monthly rental rate of $5,125 ($3,000 in base rent plus $2,125 in tenant improvement costs). The City would also be required to make a lump sum payment to the lessor for the remaining principal balance of tenant improvements not to exceed $76,880 together with the first month's rent of $5,125. The City would ultimately pay up to a total of $204,380 for tenant improvement costs, including a lump sum payment of $76,880 and $127,500 of principal and interest amortized over five years.

Source of Funds: Payments for the base rent would be funded by 68 percent State and Federal grants and 32 percent General Fund monies, subject to appropriation approval by the Board of Supervisors in the DPH annual budget. Payments for the tenant improvement costs would be funded by General Fund monies. The costs of the proposed lease for the first nine months from October 1, 2001 through June 30, 2002 have been included in the DPH FY 2001-2002 budget, including the lump sum payment to the landlord for tenant improvements, the base rent, the rent for the amortized

tenant improvement costs, utilities, janitorial services, and telephone installation (see Comment No. 5). Subsequent rent payments and related costs would be subject to appropriation approval in the annual DPH budgets.

Description: The proposed resolution would authorize DPH to enter into a new five-year lease for 3,000 square feet of space at 100 Blanken Street. According to Ms. Judy Schutzman of DPH, this space would be used for a portion of the DPH Southeast Child Family Therapy Center. The Southeast Child Family Therapy Center delivers mental health outpatient services including individual and group therapy and case management to children and their families who reside primarily in the Mission and Bayview-Visitacion Valley areas of the City.

Ms. Schutzman reports that the Southeast Family Therapy Center has 23 employees and currently operates at the following three locations: 10 29th Street and 20 29th Street, 4527 Mission Street and 300 Bennington Street. The proposed lease of 3,000 square feet of space at 100 Blanken Street would accommodate the 11 employees who are currently working at 10 29th Street and 20 29th Street. The 11 employees currently working at 4527 Mission Street and the one employee who currently works at 300 Bennington Street would remain at their present locations.

The Southeast Family Therapy Center is relocating from the 10 29th Street and 20 29th Street locations because, as stated in the attached memorandum dated August 15, 2001 from DPH to the Budget Analyst (Attachment III), the landlord has sold the building and the new landlord plans to demolish the building. The 11 employees would move to 100 Blanken Street on October 1, 2001, the anticipated date by which all of the tenant improvements will be completed. The Department would cease to pay rent at 10 29th Street and 20 29th Street on September 30, 2001.

The 11 employees working at 10 29th Street and 20 29th Street currently serve a total caseload of 240 and total unduplicated clients of 300 annually.

Comments: 1. As shown in Attachment II, provided by DPH, the 23 employees that staff DPH's Southeast Family Therapy

Center facilities are currently located in three leased facilities as follows:

(a) 11 employees occupy 2,400 square feet of office space at 10 29th Street and 20 29th Street (218 square feet per employee) under a month-to-month lease at approximately $0.67 per square foot per month for $1,600 per month or $19,200 annually (File 64-87-15);

(b) 11 employees occupy 2,031 square feet of office space at 4527 Mission Street (an average of 185 square feet per employee[2]) under a five-year lease that began on June 1, 2000 at approximately $1.50 per square foot per month for $3,047 per month or $36,564 annually (File 00-0566); and

(c) one employee occupies 1,189 square feet of office space at 300 Bennington Street, which is the only site that has a conference room to accommodate group therapy sessions, staff meetings, and community outreach meetings, at approximately $0.55 per square foot per month for $650 per month or $7,800 annually (File 64-87-15).

2. At shown in Attachment II, under the proposed new lease, the 11 employees who currently occupy 2,400 square feet of space at 10 29th Street and 20 29th Street at approximately $0.67 per square foot per month for $1,600 per month or $19,200 annually would move to 3,000 square feet of space at 100 Blanken Street at approximately $1.71 per square foot per month at a rental cost of $5,125 per month or $61,500 annually. The monthly rent of $5,125 under the proposed new lease at 100 Blanken Street is $3,525 or 220.3 percent more than the present monthly rent of $1,600 at 10 29th Street and 20 29th Street and provides for 600 or 25 percent more square feet (3,000 less 2,400). The proposed 3,000 square feet at 100 Blanken Street location would provide an average of approximately 273 square feet per employee, an increase of 25 percent more than the 2,400 square feet at 10 29th Street and 20 29th Street. The 100 Blanken Street facility provides 230 square feet per employee of office space and 470 square feet

[2] The 4527 Mission Street facility provides 165 square feet per employee of office space and 216 square feet of space for client visits.

of space for client visits and a conference room. The other 12 DPH Southeast Child Family Therapy Center employees (23 less 11) would remain at their current locations at 4527 Mission Street and 300 Bennington Street.

3. As stated in the attached memorandum (Attachment III) DPH had originally planned to relocate the Southeast Child Family Therapy Center into a single location. However, DPH was not able to locate one facility of sufficient size to accommodate the Center.

4. Ms. Schutzman advises that during the FY 2001-2002 annual budget process, the Board of Supervisors appropriated $150,805 related to the proposed lease at 100 Blanken Street as follows: (a) $76,880 for the one-time payment by the City to the landlord for a portion of the improvement costs, (b) $46,125 (9 times $5,125) for rental payments from October of 2001 through June of 2002, and (c) $2,400 (9 times $267) for utilities payments from October of 2001 through June of 2002, (d) $5,400 (9 times $600) for janitorial services payments from October of 2001 through June of 2002, and (d) $20,000 for telephone installation costs.

5. Ms. Venegas reports that the proposed monthly rent of $5,125 or approximately $1.71 per square foot per month for the proposed 100 Blanken Street facility represents fair market value.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors because the monthly rent of $5,125 for the proposed new lease at 100 Blanken Street would result in an increased cost to the City of $3,525 or 220.3 percent more than the current monthly rent of $1,600 at 10 29th Street and 20 29th Street and would provide a 25 percent increase in space. It should also be noted that under the proposed lease the City would be paying for $100,000 in landlord improvements, amortized over five years at an interest rate of 10 percent and total interest payments of $27,500.

Quotation

Curran & Associates
General Contractors Inc
PMB235/236 WPortal Ave
San Francisco, CA 94127
Lic#754265
Voice: (415) 585-1653
Fax: (415) 585-1634
E-mail: curranassoc@EarthLink.Net

Quote Number:
110 Blanken St.
Quote Date:
12/4/00

Page Number:
1

Quoted To:
Salvador Jimenes
110 Blanken Ave
San Francisco, CA 94134

Customer ID	Expiration Date	Sales Rep	Payment Terms
Salvador Jimenes	1/3/01		Net 30

Description	Amount
Frame in and install 8 windows. 3 new opening and 5 replacment plus gated front window at reception area.	13,600.00
Plans, permits and legwork to get permit.	9,040.00
Demo.	2,000.00
Framing, Sheetrock, tape plus texture.	25,685.00
Cabinets, counters, doors, trim.	11,900.00
Insulation.	4,000.00
Drop ceiling at front plus rear of office space.	12,240.00
H.V.A.C.	7,120.00
Handi-cap ramp.	2,390.00
Carpet/linolum.	6,000.00
Pluming.(fixtures included)	12,175.00
Electrical.(fixtures included)	38,750.00
Stucco work.	2,500.00
10% Profit.	14,740.00
10%Overhead.	14,740.00
Information gathered to get this proposal was obtained from a drawing supplied by city and county of SanFrancisco Real Estate Division Administrative Services Dept.Dept of Public Health.	0.00

Subtotal	176,880.00
Freight	0.00
Sales Tax	0.00
Total	176,880.00

8/15/01

DEPARTMENT OF PUBLIC HEALTH
COMMUNITY MENTAL HEALTH SERVICES
COMPARISON OF CURRENT AND PROPOSED RENT FOR SE CHILD FAMILY THERAPY CENTER

Address	Start	Term	Square Feet	Monthly Rent	Annual Rent	Cost per Sq Ft.	Common Area*	Net Office Area	No. Staff	Sq. Ft. per staff
Current										
10 &20 29th St.	7/1/94**	Mon. to Mon.	2,400	1,600	19,200	0.67	0	2,400	11	218
4527 Mission	6/1/00	5/30/05	2,031	3,047	36,564	1.50	216	1,815	11	165
300 Bennington	7/1/78	Mon. to Mon.	1,189	650	7,800	0.55	1,150	39	1	39
Total			5,620	5,297	63,564	0.94	1,366	4,254	23	185
Proposed										
100 Blanken	10/1/01	9/30/06	3,000	5,125	61,500	1.71	469	2,531	11	230
4527 Mission	6/1/00	5/30/05	2,031	3,047	36,564	1.50	216	1,815	11	165
300 Bennington	6/30/74	Mon. to Mon.	1,189	650	7,800	0.55	1,150	39	1	39
Total			6,220	8,822	105,864	1.42	1,835	4,385	23	191
Difference			600	3,525	42,300	0.48	469	131	0	6

*Used for group therapy, staff meetings and community outreach activities.
** Date of most recent month-to-month agreement. Initial occupancy 10/1/73

Attachment

City and County of San Francisco
Department of Public Health
Community Health Programs

COMMUNITY MENTAL HEALTH SERVICES

Judith Schutzman, MPA
Operations Manager

1380 Howard Street, 5th Floor
San Francisco, CA 94103-2614
(415)255-3405 FAX (415)252-3015
Judy_Schutzman@dph.sf.ca.us

MEMORANDUM

Date: August 15, 2001

To: Anna Weinstein
Board of Supervisors' Budget Analyst

From: Judy Schutzman

Subject: File #01-1176
100 Blanken Street

The Department of Public Health, Community Mental Health Services proposes to lease 3,000 square feet of space at 100 Blanken for the relocation of the remaining SE Child & Family Therapy Center staff currently located at 10-20 29th Street. The building has been sold and will be demolished by the new owners.

The clinic provides outpatient mental health services including individual and group therapy and case management to children and families in the Mission and Visitation Valley/Bayview areas. A decision was made in early 2000 to split the clinic in two parts because we were not able to locate one site of sufficient size to accommodate the staff and, since the focus of services was in two separate neighborhoods, to provide improved client accessibility. One half of the clinic moved to 4527 Mission Street in June 2000. We are now seeking to relocate the remaining staff. The clinic will also continue to maintain a large group therapy/community outreach meeting space at 300 Bennington Street that it has occupied since 1978. Neither of the two new sites has a space big enough to accommodate more than 10 people in a group setting.

100 Blanken will be built out by the owners to our specifications at a cost of $176,880. The City will pay a lump sum of $76,880 upon completion of the improvements and the remaining $100,000 plus interest at 10% will be amortized over the life of the lease. The total cost of improvements including interest is $204,380.

I have included a chart that compares the current and proposed costs, square footage and occupancy.

Please let me know if you need additional information.

Item 8 – File 01-1481

Department: District Attorney

Item: Resolution concurring with the Controller's certification that assistance to victims of crime and education in community anti-street violence can continue to be practically performed for the District Attorney's Victim Witness Assistance Program by a private contractor for a lower cost than similar services performed by City employees.

Services to be Performed: Victim Witness Services for the District Attorney's Victim Witness Assistance Program

Description: Victim Witness Services for the District Attorney's Victim Witness Assistance Program consist of assisting lesbian, gay, bisexual, and transgender victims and witnesses in cooperating with the criminal justice system in prosecutions.

Charter Section 10.104 provides that the City may contract with private firms for services that can be practically performed for a lower cost than similar work performed by City employees.

The Controller has determined that contracting for Victim Witness Services for FY 2001-2002 would result in estimated savings as follows:

City-Operated Service Costs	Lowest Salary Step	Highest Salary Step
Salaries	$124,207	$151,601
Fringe Benefits	34,018	38,325
Total	$158,225	$189,926
Contractual Services Cost	(121,015)	(122,621)
Estimated Savings	$37,210	$67,305

Comments:

1. A contract for Victim Witness Services was first certified under Proposition J as required by Charter Section 10.104 in 1981 and such services have been provided by an outside contractor, Community United Against Violence (CUAV), a non-profit corporation, since that time. According to Ms. Linda Alexander of the District Attorney's Office, since 1981 CUAV has been the sole provider of Victim Witness Services including (a) assistance to lesbian, gay, bisexual, and transgender victims of crime and (b) hate-crime prevention services and therefore CUAV is uniquely qualified to provide such services.

2. The Contractual Services Cost used for the purpose of the analysis is based on (a) CUAV's estimated FY 2001-2002 costs to provide victim witness services, and (b) the salary and fringe benefits of 0.1 FTE 8131 Victim Witness Investigator II position in the District Attorney's Office to monitor the contract. Ms. Alexander notes that FY 2001-2002 would be the 20th year that the City has contracted with CUAV for victim witness services.

3. The Attachment to this report, provided by the District Attorney's Office, is the Controller's supplemental questionnaire, with the responses from the District Attorney's Office.

Recommendation: Approve the proposed resolution.

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: District Attorney's Office

CONTRACT SERVICES: Community United Against Violence (CUAV)

CONTRACT PERIOD: July 1, 2001 thru June 30, 2002

(1) Who performed the activity/service prior to contracting out?
No on performed these services prior to CUAV.

(2) How many City employees were laid off as a result of contracting out?
There have not been and will not be any City employees laid off as a result of the contract.

(3) Explain the disposition of employees if they were not laid off.
N/A

(4) What percentage of City employees' time is spent of services to be contracted out?
N/A

(5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?
The services have been contracted out since 1981. This is an on-going contract with annual requests.

(6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?
The contract predates Proposition J. The contract has been certified each year since Proposition J passed.

(7) How will the services meet the goals of your MBE/WBE Action Plan?
CUAV is a 501 C 3 non-profit. I do not believe that it falls under MBE/WBE categories (as it is not "owned"). 50% of the Board are people of color.

(8) Does the proposed contractor provide health insurance for its employees?
Yes, CUAV provides health insurance for its employees.

(9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?
CUAV (the proposed contractor) complies with the Domestic Partnership ordinance, providing benefits to both spouses and domestic partners.

(10) Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?
Yes.

Department Representative: Linda Alexander

Telephone Number: (415) 551-9543

Item 9 – File 01-1426

Department: Airport

Item: Resolution approving Modification No. 1 to the On-Airport Project Development Agreement as it relates to the On-Airport portion of the Bay Area Rapid Transit (BART) to the Airport Transit Project, which is by and between the City and County of San Francisco, acting by and through the Airport Commission, and the Bay Area Rapid Transit District.

Description: On June 4, 1994, San Francisco voters approved Proposition I, a policy ballot measure supporting the extension of the Bay Area Rapid Transit (BART) System to the San Francisco International Airport Terminal and directing the Airport Commission and other San Francisco officers and agencies to take all actions necessary to implement this BART to the Airport Transit Project. The 8.2-mile BART to the Airport Transit Project includes: (a) a north-south mainline extension of 7.4 miles from the Colma BART Station to a BART/CalTrain Station in Millbrae, south of the Airport; and, (b) a BART-San Francisco International Airport Extension Project of a 0.8 mile east-west aerial stub, perpendicular to the CalTrain/BART mainline, which will terminate at the departure level of the new International Terminal. The 0.8-mile portion of the BART to the Airport Transit Project includes a combined BART, Airport Rail Transit System (AirTrain) station at the International Terminal, which is referred to as the On-Airport Project. According to Ms. Karen Watson from the Airport, in 1994 the City projected a total City cost of up to $200 million for the On-Airport portion of the BART extension to the Airport[1].

In March of 1998 the Board of Supervisors approved the subject On-Airport Project Development Agreement (File 98-1) between the City, acting by and through the Airport Commission, and BART. The

[1] The Airport has issued Airport Revenue Bonds in the par amount of $220,000,000 to finance the $200,000,000 for the On-Airport portion of the BART to the Airport Transit Project (See Comment 2).

purpose of the On-Airport Project Development Agreement (Development Agreement) between BART and the Airport was to establish the rights and responsibilities of the Airport and BART during the construction of the On-Airport BART/AirTrain station. Attachment I, provided by the Airport, summarizes the key provisions of the On-Airport Development Agreement between BART and the Airport.

Ms. Watson advises that the $200,000,000 was budgeted between the facilities to be constructed by the Airport and operating systems to be installed by BART. Ms. Watson further advises that preliminary budgets prepared by the Airport estimated that the Airport's obligation for the BART Fixed Facilities construction costs would be approximately $113,000,000 and the $87,000,000 balance ($200,000,000 less $113,000,000) was allocated for the Airport's share of the costs of the BART Operating Systems under BART's Full Funding Grant Agreement with the U.S. Department of Transportation. Attachment II, provided by Ms. Watson, defines Fixed Facilities costs and BART Operating Systems Costs. As outlined in Attachment I, provided by Ms. Watson, BART is responsible for any Fixed Facilities construction cost overruns. If BART fails to pay for these cost overruns, the Airport may elect (a) to not proceed with the BART to the Airport Transit Project, as discussed in Attachment I, or (b) to deduct costs from the Airport's obligation to pay for the Airport's portion of the BART's Operating Systems costs. Attachment I, provided by Ms. Watson, also explains the Airport's obligation to pay for BART's Operating Systems costs and Fixed Facilities costs.

As shown in Attachment III, provided by Ms. Watson, pertaining to the Airport's cost obligations, the Airport's obligation for the BART Fixed Facilities construction costs are projected to cost $125,600,000 at completion, or $12,600,000 more than the originally budgeted $113,000,000. Also, as shown in Attachment III, the Airport's obligation for BART's Operating Systems costs are projected to be no more than $74,400,000 or at least $12,600,000 less than the

originally budgeted $87,000,000. Ms. Watson advises that BART has requested that the Airport use the Airport's forecasted savings of $12,600,000 from the Airport's obligation for BART Operating Systems costs to fund the Airport's estimated $12,600,000 in projected overruns for BART Fixed Facilities construction costs. Attachment III, also identifies the Airport's expenditures to date as well as the Airport's forecasted expenditures for both the Airport's obligations for the BART Fixed Facilities and Operating Systems costs for the On-Airport Project.

The subject requested Modification No. 1 to the On-Airport project Development Agreement between BART and the Airport would modify the Development Agreement to permit the Airport Director to cover any or all of the construction overruns for the Airport's obligations for the BART to the Airport Transit Project Fixed Facilities construction budget through a reduction in the Airport's payments resulting from the projected savings for the Airport's obligation for the BART Operating Systems costs. Any overruns above and beyond $200 million are solely payable by BART. Ms. Watson advises that the Airport Commission approved the subject modification to the Development Agreement on July 3, 2001.

Comments:

1. Attachment III describes the procedures that the Airport Director would use to reallocate the projected savings from the Operating Systems budget toward the overrun in the Fixed Facilities budget. Such a reallocation would not result in increased costs to the Airport. The Budget Analyst notes that any increased appropriation of funds for this project beyond the $200,000,000 previously approved by the Board of Supervisors would require separate appropriation approval by the Board of Supervisors.

2. Ms. Watson reports that the Board of Supervisors approved issuance of $220 million in Airport Revenue Bonds for the On-Airport Project in October of 1996, June of 1997 and February of 1999 (Files 170-96-8, 170-97-6 and 99-02-06). Ms. Watson states that the Airport thereby funded the $200,000,000 On-Airport

portion of the BART to the Airport Transit Project using net proceeds of the Airport Revenue Bonds issued in a par amount of $220,000,000 under the Airport Master resolution as amended. According to Ms. Watson, the total debt service on such 30-year bonds is to be repaid from Airport revenues. The average annual debt service on the bonds authorized by the Board of Supervisors is approximately $15,674,000 annually for total principal and interest payments of approximately $463,300,000[2] over 30 years to be paid from general Airport revenues.

3. As shown in Attachment IV, prepared by BART, the full cost of the BART to the Airport Transit Project is $1,483,200,000, funded from the following sources:

Federal Transit Administration (FTA) Full Funding Grant	$750,000,000
Airport Net Revenue Bond Proceeds	200,000,000
State Funding	152,000,000
SamTrans	171,000,000
Metropolitan Transportation Commission	26,500,000
BART	183,700,000
Total	$1,483,200,000

As shown in Attachment IV, BART reports that the BART to the Airport Transit Project is scheduled to be operational by the Fall of 2002.

4. As previously noted, the subject proposed Modification No. 1 to the Development Agreement will not result in any additional costs to the Airport. The proposed Modification No. 1 to the On-Airport Project Development Agreement between BART and the Airport will only reallocate savings from the Airport's obligations for the BART Operating Systems costs to the Airport's obligations for the overrun in the BART Fixed Facilities budget and will not change any other terms of the Development Agreement.

5. Page 1, line 4 in the title of the proposed resolution incorrectly states "potion" instead of "portion."

---

[2] The final year's debt service will be partially paid from the balance of a debt-service reserve funded from the $220,000,000 bond issuance gross proceeds.

Recommendations:

1. In accordance with Comment 7 above, amend line 4 on page 1 of the proposed resolution by replacing the word, "potion" with the word, "portion" so that the phrase reads, " the On-Airport portion of the BART to San Francisco Airport Extension project."

2. Approve the proposed resolution, as amended.

Attachment I
Page 1 of 2

San Francisco International Airport

P.O. Box 8097
San Francisco, CA 94128
Tel 650.821.5000
Fax 650.821.5005
www.flysfo.com

TO: Harvey Rose
Budget Analyst

DATE: August 15, 2001

FROM: Karen Watson
Assistant Deputy Airport Director
Business & Finance Division

SUBJECT: ATTACHMENT I

Development Agreement

Purpose:

To establish the rights and responsibilities of the Airport and BART during the construction of the on-Airport station.

Key Provisions:

Provide for Airport expenditure of up to $200 million (previously agreed to in the BART/Airport Agreement, dated 10/30/96 and approved by the Board).

Airport to construct the BART station and related fixed facilities in conjunction with the Airport's Master Plan construction (estimated budget of $113 million).

BART to install the Operating Systems and invoice the Airport for the costs of the Airport station (estimated budget of $87 million).

BART responsible for unfunded overrun costs; if BART fails to pay, Airport may elect not to proceed with fixed facilities work or to credit costs from the Airport's obligation to pay for the Operating Systems.

BART will pay rent of $2.5 million a year for 50 years, commencing on the date on which the Airport's debt service on the project commences, or July 1, 2001, whichever is later.

The Airport may deduct from the Annual Service Payment to the City an amount equal to any amounts past due for the License Period rent, and maintenance/repair obligations payable by BART under the License, beginning no sooner that July 1, 2001. In turn, BART agrees to the City withholding any payments due BART from the City in amounts equal to the Airport's deduction from the Annual Service Payment.

If BART is permanently unable to operate the Airport BART station as a result of BART's default and the Agreements are terminated, then BART must either continue paying the annual rent until the Airport has received an aggregate reimbursement of $125 million or pay the Airport the amount adequate to retire all outstanding financings issued by the Airport for BART.

San Francisco International Airport

P.O. Box 8097
San Francisco, CA 94128
Tel 650.821.5000
Fax 650.821.5005
www.flysfo.com

TO: Harvey Rose
Budget Analyst

DATE: August 15, 2001

FROM: Karen Watson
Assistant Deputy Airport Director
Business & Finance Division

SUBJECT: ATTACHMENT

THE ON-AIRPORT BART PROJECT

Preliminary budgets were prepared estimating the Airport's construction costs to be approximately $113 million and the $87 million balance was allocated to the Airport's share of the BART Operating Systems under BART's Full Funding Grant Agreement with the Department of Transportation. The BART Fixed Facilities costs include the BART freeway overpasses, the combined BART/AirTrain Guideway, the combined BART/AirTrain Station (Concourse H), the "Link Building" connecting the BART Station to the International Terminal, and the International Terminal Enhancements. The BART Operating Systems, include the communications and ground control systems, the traction power systems and security and special systems.

San Francisco International Airport

P.O. Box 8097
San Francisco, CA 94128
Tel 650.821.5000
Fax 650.821.5005
www.flysfo.com

TO: Harvey Rose
Budget Analyst

DATE: August 15, 2001

FROM: Karen Watson
Assistant Deputy Airport Director
Business & Finance Division

SUBJECT: ATTACHMENT

As of July 31, 2001 a total of $119.7 million has been expended to fund the BART Fixed Facilities, $6.7 million above the initial $113 million budget. A total of $39.8 million has been expended on the BART Operating Systems, of which $38.8 million has been approved for payment and $1 million is being reviewed. A total of $5.9 million in reimbursements due BART from the $38.8 million approved for payment has been retained by the Airport pending payment of the Fixed Facilities overrun by BART in accordance with the current Development Agreement. This modification, which reallocates money to increase the Fixed Facilities budget, will permit resuming reimbursements to BART up to an amount not to exceed $74.4 million.

The expenditure forecasts for the BART Fixed Facilities is currently $125.6 million and BART's Operating Systems forecast is no more than $74.4 million.

The proposed modification permits the Airport Director to cover any or all of the construction overruns for the Fixed Facilities through a reduction in the Airport's payment for its share of the Operating Systems. Upon BART's submittal of an invoice for Operating Systems reimbursement the Airport will make an assessment and will only reimburse BART to the extent that there are sufficient funds remaining in the Operating Systems budget to cover forecast cost overruns in the Fixed Facilities work. No invoice from BART will be paid to the extent that the payment would cumulatively exceed $200 million.

Ms. Watson advises that granting the Airport Director the authority to transfer funds at his direction ensures that the SFIA will not spend any more than the $200 million originally budgeted for the On-Airport portion of the Project.

San Francisco International Airport

P.O. Box 8097
San Francisco, CA 94128
Tel 650.821.5000
Fax 650.821.5005
www.flysfo.com

TO: Harvey Rose
Budget Analyst

DATE: August 15, 2001

FROM: Karen Watson
Assistant Deputy Airport Director
Business & Finance Division

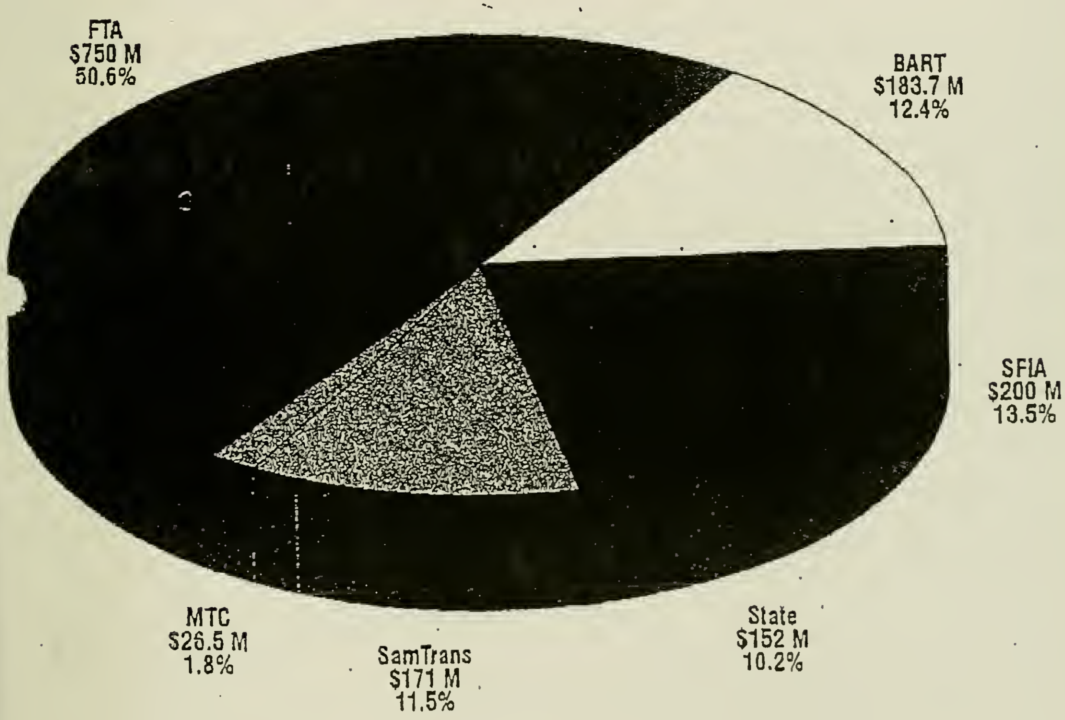
SUBJECT: ATTACHMENT

BART SFO EXTENSION BUDGET ($millions)
As approved by the Federal Transit Administration on June 1, 2000

Major Costs	Baseline Estimate June 2000	Expended Through June 2001
Construction	799.08	601.33
Engineering, Design, CO, DSDC, Other 3rd Party Costs	179.00	141.47
Insurance	27.00	19.05
Force Account	10.00	0.02
BART Project Administration	54.60	44.08
Contingencies	69.38	0.00
ROW	178.50	166.74
Finance	42.64	21.37
SFIA	123.00	117.20
TOTAL PROJECT	1,483.20	1,111.26

As of July 31, 2001, the Project is 84% complete and is scheduled for revenue service in Fall 2002.

BART - SAN FRANCISCO AIRPORT EXTENSION
TOTAL PROJECT FUNDING = $1,483.2 MILLION



Item 10 – File 01-1445

Departments: Department of Administrative Services
San Francisco Convention Facilities

Item: Resolution authorizing the Director of Administrative Services to execute amendment(s) to the design agreement for the new Moscone Center Expansion Project, which would increase the total agreement by $1,000,000 from $14,026,326 to $15,026,326.

Description: On May 16, 1997, based on the results of a competitive request for proposal process, the Director of Administrative Services entered into a contract with Gensler/Michael Willis/Kwan Henmi Architects (Gensler) for architectural and engineering design and related services for the Moscone Center Expansion Project in the amount of up to $10,960,596. This architectural and engineering design contract was not approved by the Board of Supervisors because, according to Mr. Leonard Tom, Director of Finance for the Moscone Center Expansion Project, only $8,000,000 of the $10,960,596 was available to be certified for this design contract at the contract award time. Section 9.118(b) of the City's Charter requires that all agreements in excess of ten years or $10,000,000 and subsequent amendments in excess of $500,000 be approved by the Board of Supervisors. Mr. Ted Lakey of the City Attorney's Office advises that the Department was in compliance with the City's Charter provisions.

According to Mr. Tom, the basic scope of the Moscone Center Expansion Project was enlarged in September of 1997, when the project was extended to Fourth Street, the gross square footage increased from 570,000 square feet to 780,000 square feet, an increase of 210,000 square feet, or 36.8 percent and the net useable floor area was increased by 60,000 square feet, from 240,000 square feet to 300,000 square feet. As a result of the floor area being increased by 60,000 square feet, requiring the purchase of additional land, the project's

construction budget increased from $144,000,000 to $191,000,000, land acquisition and related costs increased from $71,500,000 to $98,300,000 and the project completion date was extended by eight months from June of 2002 to February of 2003.

Between May 16, 1997 and July of 1999, an approximately 26-month period, the Director of Administrative Services approved 11 modifications to the Gensler contract, increasing the amount certified for this contract by $1,276,326, from the original $8,000,000 to $9,276,326. In October of 1999, the Department received approval from the Board of Supervisors for an amendment to the then existing $9,526,326 design agreement with Gensler to increase the contract by $4,500,000 to $14,026,326 (File 99-1712). Mr. Tom advises that this amendment was submitted to the Board of Supervisors because it resulted in the first time that the contract had funds certified in an amount which exceeded $10 million and the amendment was for greater than $500,000.

Mr. Tom advises that, since the original May 16, 1997 architectural, engineering and design contract was entered into with Gensler, there have been a total of 24 contract modifications. Attachment I provided by Mr. Tom, lists the original design contract for $10,960,596 and the subsequent 24 modifications, which have now resulted in a total contract amount of $14,089,073. As previously noted, the Board of Supervisors approved an increase in the contract of up to $14,026,326, which is $62,747 less than the $14,089,073 amount currently included in the Gensler contract. As described in Attachment IV, provided by Mr. George Wong of the City Attorney's Office, in accordance with Charter Section 9.118, "the department's execution of modifications do not require board approval, provided the total modified amount does not exceed $14,526,326."

The proposed resolution would authorize the Director of the Administrative Services to enter into two or more additional modifications to the existing $14,089,073 design contract at a total cost not to

exceed $1,000,000, resulting in a total contract amount not to exceed $15,026,326 for Gensler to provide 16 additional design items of work that may be required from September of 2001 through February of 2003, which is anticipated to be the final construction phase of the Moscone Center Expansion Project.

The total costs of the Moscone Center Expansion Project, including design, construction, land acquisition and other related costs, were originally estimated at $267,000,000 in May of 1997. As shown in Attachment II, provided by Mr. Tom, the above-noted expansion of 60,000 square feet to the Project resulted in revised estimated costs of $343,000,000 by the Fall of 1999. According to Mr. Tom, the current estimated Project costs have increased to $358,200,000. Attachment II contains a breakdown of (a) the original $267,000,000 Project costs, (b) the revised $343,000,000 costs by the Fall of 1999 and the current Project estimated costs of $358,200,000. Attachment II also contains a brief explanation for the major reasons for these increases in the Project budget as well as the current status of the Project. Mr. Tom states "Currently, project construction is on time and within budget. We expect to open for operations in the Spring of 2003."

However, as shown in Attachment II, the current estimated $358,200,000 Project cost includes $28,700,000 for architecture and construction management, which includes (a) $15,026,326 for the subject design contract, including the proposed request for a $1,000,000 modification, (b) approximately $7,800,000 for a separate construction management contract, (c) approximately $4,000,000 for City construction management staff, (d) approximately $1,000,000 for a pre-construction management contract, (e) $600,000 for a graphics contract and (f) approximately $250,000 of other miscellaneous costs. Although not stated in Attachment II, the Budget Analyst notes that the subject request to increase the design contract with Gensler by $1,000,000 from $14,026,326 to $15,026,326 results in 41.7 percent of the total $2.4

million increase in the Architecture/Construction Management costs from $26.3 million reported in the Fall of 1999 to the currently estimated $28.7 million.

Budget: Attachment III, provided by Mr. Ray Fong of the Department of Public Works (DPW), includes a list of the 16 additional design tasks and the estimated related costs that may be required, for the proposed contract modifications requested in a total amount of up to $1,000,000 in the design agreement with Gensler.

Attachment III, also contains a list of the construction items, totaling an estimated $10,085,000, which would be required as a result of the subject 16 additional design items. As discussed in Attachment III, Mr. Tom estimates that, except for the solar panel power system construction costs currently estimated at $4,200,000, the remaining $5,885,000 ($10,085,000 less $4,200,000) of construction costs would be funded with Moscone Center Expansion Project construction contingency funds, currently budgeted at $16.9 million, or ten percent of the total $169 million construction contract (part of the $187 million costs for Demolition/Construction/Furniture, Fixtures and Equipment (FFE)), which is included in the total $358,200,000 Project costs, as shown in Attachment III. The Budget Analyst notes that the Construction Contingency costs increased by $4,100,000 from $12,800,000 in the Fall of 1999, to $16,900,000 currently. Yet, in the Fall of 1999, Demolition/Construction/FFE was estimated at $191,000,000 and is currently estimated at $187,000,000, or $4,000,000 less. Therefore, during this period, contingency costs <u>increased</u> by $4,100,000 or 32 percent while Demolition/Construction/FFE <u>decreased</u> by 2.1 percent.

Attachment II also identifies for each of these same three time periods (May of 1997, Fall of 1999 and currently) the funding sources and amounts to be used to pay for the Moscone Center Expansion

Project. Attachment II also includes an explanation of each of the funding sources.

Comments:

1. In March of 1996, San Francisco voters authorized the issuance of up to $157,500,000 of Lease Revenue Bonds for the expansion of the Moscone Center. These lease revenue bonds were issued in November of 2000. As shown in Attachment II, a total of approximately $133 million of these lease revenue bond funds will be available for use on the project, including approximately $115 million for construction costs, and $18 million for land acquisition. The balance of $24,500,000 ($157,520,000 less $133,000,000) is for the Lease Revenue Bond financing costs, such as capitalized interest, capital reserve fund and bond issuance costs.

2. In August of 1996, the Board of Supervisors authorized an increase in the Hotel Tax rate from 12 percent to 14 percent, with the additional revenues to be earmarked for the Moscone Center Expansion Project. In November of 1998, the San Francisco voters reaffirmed the increase of the City's Hotel Taxes to 14 percent, with such revenues being deposited to the City's General Fund, but not being dedicated specifically for the Moscone Center Expansion Project. As identified in Attachment II, to date, the Board of Supervisors has appropriated $109,800,000 of General Fund revenues (Hotel Taxes) to the Moscone Center Expansion Project. Assuming the total current estimated project costs of the Moscone Center Expansion Project of $358,200,000, the Project will require a total of $149,800,000 of General Fund (Hotel Tax) revenues, or an additional appropriation of $40,000,000 ($149,800,000 less $109,800,000) from the City's General Fund (Hotel Tax), as descibed in Attachment II. Mr. Tom advises that any additional costs beyond the currently estimated $358,200,000 for the Moscone Center Expansion Project will need to be funded with additional General Fund appropriations.

3. Mr. Tom advises that the proposed resolution would provide for two or more modifications to the

existing agreement because, as shown in Attachment III, the DPW Project Manager has identified 16 possible areas where an increase in design services may be needed beween September of 2001 and February 2003, during the final construction phase of the project. However, Mr. Tom advises that the decisions in terms of the need in each area have not been finalized. Furthermore, Mr. Fong advises that the actual amounts that would be required for each design item have not yet been determined. Therefore, Mr. Tom advises that, if the Board of Supervisors approves the requested resolution to increase the design contract by up to $1,000,000, the modifications would be made by the Department to the existing design contract using funds on an as-needed basis.

4. The Budget Analyst questions approving a request for an additional $1,000,000 of design services at this stage of the project, since (1) the construction of this project began in August of 2000, and now has approximately 18 more months until completion, (2) the Financial Director advises that final decisions in terms of which specific design requirements are needed have not yet been finalized, (3) the Project Manager advises that the actual amounts required for many of the design activities have not been determined and may be less than estimated, (4) these 16 design items will result in a total estimated additional construction cost of $10,085,000, (5) the proposed increased authorization of the design contract will result in higher estimated design, contingency and ultimately Project costs, and (6) any additional costs beyond the currently estimated $358,200,000 for the Moscone Center Expansion Project will need to be funded with additional General Fund appropriations.

5. Furthermore, the Budget Analyst questions why many of the 16 design items listed in Attachment III were not included in the original specifications for the architect and design contractors, since the City's experienced project management team should have anticipated many of these needs from the outset, such as: (1) $30,000 for tenant improvements to

Howard Street spaces for the City's construction offices, (2) $40,000 for development of special occupancies and related Fire Department permits, especially given that the existing Moscone Center has 45 of these pre-approved occupancy plans on file with the Fire Department, (3) $50,000 for engineering and integration of the City's Reclaimed Water plan, since this regulation has not changed since the beginning of this project, (4) $75,000 for general space planning not previously anticipated, (5) $70,000 for consultant travel to manufacturing sites outside the Bay Area, (6) $45,000 to select equipment for new vendors that will be using the building, and (7) $160,000 to exercise an option by the City to participate in additional project liability insurance, which the City paid in 1997, the first year of the contract.

6. The Department also acknowledges that several of the 16 requested design items may not be necessary because, for example, the requested $65,000 of design services for the integration of solar panel power supply, will depend on whether the Public Utilities Commission (PUC) can secure an estimated $4.2 million of State grants and other funds to actually install, construct and maintain the system. The requested $50,000 of design services for engineering and studies related to the adjoining 888 Howard Street Hotel may not be necessary because the Hotel may not be approved by the City, or ever actually constructed. Also, the requested $60,000 of design services for studies and solutions for the Fifth and Mission Parking Garage expansion will depend on whether or not the Garage's expansion involves the adjacent Minna Street, which has not yet been determined. Furthermore, the requested $60,000 of design services to comply with new energy or conservation measures that may or may not be enacted by the Board of Supervisors or the State and therefore may not be necessary.

Recommendation: Given all of these concerns outlined in Comment Nos. 4, 5 and 6 above, the Budget Analyst cannot recommend approval of the requested $1,000,000 of additional design services at this time.

Attachment I

MOSCONE CENTER EXPANSION PROJECT
A&E CONTRACT MODS/ENCUMBRANCES

A&Emodsum1
8/16/01

Contract Action	Description	Date Executed	Amount	Aggregate Value	Certified Value* (FAMIS)
Original Contract		5/16/97	10,960,596.00	10,960,596.00	8,000,000.00
Mod #1	Deleted Services	8/13/97	(334,683.62)	10,625,912.38	7,665,316.38
Mod #2	Miscellaneous Changes	10/15/98	-	10,625,912.38	7,665,316.38
Mod #3	Moscone Telecommunications (TEECOM)	8/5/98	16,863.00	10,642,775.38	7,682,179.38
Mod #4	General Scope of Services	1/27/99	1,098,000.00	11,740,775.38	8,780,179.38
Mod #5	Steel Connection Testing	2/7/99	335,500.00	12,076,275.38	9,115,679.38
Mod #6	TEECOM Additional Services	2/15/99	62,500.00	12,138,775.38	9,178,179.38
Mod #7	Vehicle Exhaust Model (GEOMATRIX)	3/15/99	15,586.00	12,154,361.38	9,193,765.38
Mod #8	Wind Test Studies (RWDI)	3/22/99	11,550.00	12,165,911.38	9,205,315.38
Mod #9	Basement Mechanical System	5/7/99	4,183.00	12,170,094.38	9,209,498.38
Mod #10	Structural Peer Review Additional Services	5/6/99	65,175.00	12,235,269.38	9,274,673.38
Mod #11	Worker Health Evaluation-Vehicle Exhaust	7/16/99	1,653.00	12,236,922.38	9,276,326.38
Mod #12	Correction per City Attorney**	1/9/00	(2,960,596.00)	9,276,326.38	9,276,326.38
Mod #13	Construction Administration	1/19/00	3,833,596.00	13,109,922.38	13,109,922.38
Mod #14	Misc. (Art, Life Safety, Cafeteria, Dampers)	2/11/00	499,461.00	13,609,383.38	13,609,383.38
Mod #15	Misc. (Life Safety, Minna St. talking signs, et al	5/9/00	424,980.00	14,034,363.38	14,034,363.38
Mod #16	Deleted Services	6/14/00	(241,675.00)	13,792,688.38	13,792,688.38
Mod #17	Misc. (additional design)	6/15/00	52,822.25	13,845,510.63	13,845,510.63
Mod #18	Construction Administration (misc.additional)	12/11/00	38,094.00	13,883,604.63	13,883,604.63
Mod #19	Temp. Crane Load calculations	2/6/01	3,850.00	13,887,454.63	13,887,454.63
Mod #20	Construction Administration (additional)	3/6/01	7,065.00	13,894,519.63	13,894,519.63
Mod #21	Construction Administration (additional)	3/23/01	4,888.00	13,899,407.63	13,899,407.63
Mod #22	Construction Administration (Kitchen/AV)	4/4/01	18,800.00	13,918,207.63	13,918,207.63
Mod #23	Const. Admin. (CADD, Floor Box, AV spec)	5/14/01	34,940.00	13,953,147.63	13,953,147.63
Mod #24	Const. Admin. (Curtain Wall, AV spec)	6/1/01	135,925.00	14,089,072.63	14,089,072.63
		Total	14,089,072.63		

* Due to limited funds a partial certification by the Controller of the agreed to amount was processed in June 1997. The $8,000,000 amount was sufficient for the architectural team to complete the design phase of the work (original building scope).

** In October 1999, the City Attorney determined that the contract agreement had to be the same as the value certified by the Controller. A deductive modification was processed (mod #12) to bring the contract into balance with the encumbrance certified in FAMIS.

City and County of San Francisco **San Francisco Convention Facilities**

Willie Lewis Brown, Jr.
Mayor

Jack Moerschbaecher
Director

MEMORANDUM

DT: Aug. 16, 2001
TO: Debra Newman
FM: Leonard Tom LT
RE: MCEP Design Contract Authorization Increase Aug. 2001

Per your request, following is a summary of the total project budget and funding sources for May 1997, Fall 1999 and June 2001. May 1997 represents the original scope of the Project. Fall 1999 represents the expanded scope of the Project (extension to Fourth Street). June 2001 is the current total budget for the project.

Category	May 1997	Fall 1999	June 2001
Demolition/Construction/FFE	$144.0 million	$191.0 million	$187.0 million
Construction Contingency	$ 14.4 million	$ 12.8 million	$ 16.9 million
Offsite infrastructure	$ 3.4 million	$ 2.8 million	$ 3.8 million
Architecture/Construction Management	$ 22.2 million	$ 26.3 million	$ 28.7 million
Consultants	$ 1.2 million	$ 0.7 million	$ 0.3 million
City Depts., Permits, Fees, Art Projects	$ 10.3 million	$ 11.1 million	$ 11.0 million
Subtotal	$195.5 million	$244.7 million	$247.7 million
Land Acquisition & Related Costs	$ 71.5 million	$ 98.3 million	$110.5 million
Total Project Cost	$267.0 million	$343.0 million	$358.2 million
Funding Sources			
Revenue Bonds (Construction)	$115.0 million	$115.0 million	$115.0 million
Revenue Bonds (Land Acquisition)	$ -	$ -	$ 18.0 million
Hotel Tax Revenue (Land Acquisition)	$ 71.5 million	$ 98.3 million	$ 92.5 million
Hotel Tax Revenue	$ 67.0 million	$ 81.3 million	$ 57.3 million
Convention Facilities Fund Balance	$ 13.5 million	$ 48.4 million	$ 58.6 million
Rents/misc./other	$ -	$ -	$ 16.8 million
Total	$267.0 million	$343.0 million	$358.2 million

The major cause of the increase between May 1997 and Fall 1999 was the change in scope of the Project (extension to Fourth Street). The gross square footage of the building increased by 37%. Project duration was extended by more than a year. Land acquisition costs were estimated to increase by about $27 million dollars. The eminent domain lawsuits had not yet gone to trial. The design and construction management budget had to be increased to accommodate the increased building scope and extended duration (original completion was June 2002) of the Project. The construction contingency budget and other minor items were reduced to keep the total project budget within the reasonably expected availability of funding for the Project.

Between Fall 1999 and June 2001, the Project Budget increased by a net of $15.2 million. The land acquisition budget was increased by $12.2 million (two of three lawsuits have been resolved). The Construction contract actually came in lower than estimated. That allowed restoration of the construction contingency to 10% and partial restoration of other parts of the Project budget.

99 Grove Street, #204, San Francisco, CA 94102 ~ Telephone (415) 554-6178 Fax (415) 978-5913

Funding sources have been increased as the scope and budget for the Project has changed. The primary sources, initially, were net bond proceeds and the Hotel Tax. By Fall 1999, Convention Facilities Fund Balance and Rents/Misc./Other had become more prominent. Convention Facilities Fund Balance are revenues made available to the Project from previously allocated CFM project reserves or operating surpluses from prior fiscal years. "Rents" come from proceeds collected from properties taken by eminent domain for the Project. The buildings were occupied for approximately six months prior to their demolition under City "ownership." "Other" includes a $14.9 million release of the Capital Reserve Fund previously refunded Moscone Revenue Bonds in 1994. The release was made possible by substitution of a surety bond for the capital reserve. Presently, the increased alternate sources have allowed the need for Hotel Tax to be reduced from a high of $179.6 million in Fall 1999 to $149.8 million currently.

The Revenue Bond funding available has always been shown in terms of net proceeds, after capitalized interest, capital reserve and bond issuance costs are taken off the top of the $157.5 million authorization level. Original Project planning assumed Bond issuance in 1997 with $42.5 million of financing costs, yielding $115 million in net proceeds. Working with the Mayor's Office of Public Finance, the project team delayed issuance until November 2000. This reduced the financing cost by $18 million and made that amount available for "hard costs" of the Project.

As of July 2001, the City has appropriated approximately $318 million in total fund sources for MCEP (Hotel Tax $109.8 M, Revenue Bonds $133 M (net), CFM Fund Balance $58.7 M, and Other $16.8 M). We currently project that an additional $40 million in Hotel Tax Funds will be needed In FY 02/03 to complete the Project.

Currently, project construction is on time and within budget. The General Contractor was given Notice-To-Proceed in August 2000. We expect to open for operations in the Spring of 2003.

AE Fees/AE Bd Resolution 01 Analyst memo 2

City and County of San Francisco

Moscone Center Expansion Project

Willie Lewis Brown, Jr., *Mayor*
Edwin M. Lee, *DPW Director*
Ray Fong, *Project Manager*

Memorandum

revised August 15, 2001

To: Jack Moerschbaecher

From: Ray Fong

Subj: Architect Work Scope Budget

The following items listed below are anticipated additional architectural contract modification work scopes that may be required to complete construction of the project.

Budgets		Work Scope
Design Budget	Construction Budget	
65,000	4,200,000	Integration of solar panel power supply.
30,000	360,000	Tenant improvement to Howard Street spaces for construction offices.
50,000	100,000	Engineering and studies and for the adjoining 888 Howard Street Hotel.
40,000	0	Development of special occupancies and related Fire Department permits.
50,000	750,000	Engineering and integration of the City's Reclaimed Water plan.
75,000	300,000	Space planning for accommodation to uses not previously anticipated.
60,000	750,000	Studies and solutions for the Fifth and Mission Parking Garage expansion.
50,000	625,000	Upgrading of audio and visual equipment.
55,000	250,000	Specialized engineering for vibratory membrane dynamic floor loading responses.
75,000	0	Specialty curtain wall consultant field service.
70,000	0	Consultant travel to manufacturing sites outside the Bay Area to insure proper manufacture, fabrication, quality control or testing of building components.
45,000	560,000	Select equipment for new vendors that will be using the new building.
70,000	875,000	Review and approve substitutions for products or materials no longer available or which incorporate upgrades in technology, improves materials, products or systems.
45,000	565,000	Provide additional services to comply with special building occupancy mandated by the Building Department or other approval agency.
60,000	750,000	Provide services to comply with new energy or conservation measures that may be enacted.
160,000	0	Exercise option by City to participate in cost of project insurance.
1,000,000	10,085,000	Total

We request that you seek authority from the BOS to modify the contract by $1 million.

All construction cost shown above, except the solar panel power system, will be funded by the MCEP project construction contingency and will not require additional funding to execute. Construction cost for the solar power system will be funded by the Public Utilities Commission (PUC) dependent upon issuance of bonds for solar energy facilities.

Howard and Fifth Street, San Francisco, CA 94103 ~ Telephone (415) 978-5901 Fax (415) 267-6480

City and County of San Francisco

Moscone Center Expansion Project

Willie Lewis Brown, Jr., *Mayor*
Edwin Lee, *DPW Director*
Ray Fong, *Project Manager*

August 14, 2002

To: Leonard Tom
Financial Manager

From: Ray Fong
Project Manager

Re: Moscone Center Expansion Project
Architect Work Scope Details

Please find described below details of the Architect's work scope for Board Resolution August 2001.

1. Integration of solar panel power supply: A preliminary proposal to add solar panels to the roof of MCEP has been studied by the Powerlight Corporation of Berkeley, CA. Electrical power generated by the solar panels could be used within the building or returned to PG&E for a credit. If the decision were made to add solar panels to MCEP in order to reduce energy consumption it would be necessary for the project Architects to provide design services for conduit routing from the roof to an equipment monitoring and control room in the basement. The re-design of the area where the control room is located, the control room design and the conduit routing would be an additional cost.
2. Tenant Improvement to Howard Street spaces for construction offices: The construction management and inspection staff for the MCEP is currently located in temporary construction trailers located along Howard Street. During the year 2002, these trailers will have to be removed to complete construction on MCEP including repaving Howard Street between Fourth and Fifth Street. Since the project will not be finished when this paving occurs it will be necessary to relocate the 15 person staff to MCEP, leased office space or City owned office space. In any event it will be additional services to design such spaces for management staff to use until project completion in the spring of 2003.
3. Engineering studies for the adjoining 888 Howard Street Hotel: A new hotel is in the planning stages for adjacent property to the MCEP site. Additional services will be necessary to find solutions for joint property line issues arising from the new hotel. Such services would study hotel foundations deeper than the MCEP foundations, waterproofing, underpinning, foundation wall design, dewatering and shoring as they impact the MCEP construction.
4. Special occupancy and related Fire Department permits: These permits for certain types of usage are pre-approved by the Fire Department, and are planned and created by the Architect with the assistance of the convention facility's staff. Work involves establishing multiple layouts of planned activities for differing anticipated configurations of occupants using the facility. For instance, the existing Moscone Center has 45 of these pre-approved occupancy plans on file with the Fire Department. This new facility is estimated to require 18 pre-approved plans to be on file. If the client required new configurations of use, additional services would be necessary from the Architect.

Construction Project Trailers, 5th and Howard Street, San Francisco, CA 94103 (415) 978-5901 (415) 267-6480 fax

5. Engineering and integration of the City's Reclaimed Water plan: At some future date in may be required to add additional plumbing to the building to implement the City's reclaimed water plan. This would be additional design work for the Architects, since the project is in construction and the reclaimed water plan was not required of this project during the design phase.

6. Space planning for accommodation to uses not previously anticipated: Any space planning and interior design that might be requested by SF Convention Facilities that is not already incorporated in the plans will be additional services for the Architects. A new business center is desired to provide amenities for convention users such as: a copy center, packaging and mail center, and electronic messaging services.

7. Studies and solutions for the Fifth and Mission parking garage expansion: The Department of Parking and Traffic is currently studying the possible expansion of the Fifth and Mission garage either by adding vertically or horizontally onto Minna Street. If the Minna Street expansion were pursued, additional work would be required by the MCEP Architects to study and provide design services to modify the MCEP as necessary to accommodate the new garage expansion. This could include additional exiting studies, fire ratings of walls, deep excavations, foundation wall design, dewatering, and shoring design.

8. Upgrading audio and visual equipment: audio and visual equipment is something that is constantly being improved. Some re-design and upgrades of equipment, wiring, and systems has already occurred and it is likely more improvements will occur prior to construction completion in the spring of 2003.

9. Specialized engineering for vibratory membrane dynamic floor loading responses: The dynamic analysis for a flexible floor is not within the scope of the Architect's normal services. Dynamic floor responses are a result of special loading criteria, which can come from activities such as: marching bands, group aerobic exercises, rock concerts, and tea dancing. All of these activities generate a rhythmic pattern, which can harmonically intensify in amplitude to generate wave patterns in the floor membrane. An expert is needed to study and report on the flexibility of our floors in reaction to dynamic wave responses, and give criteria to avoid these loadings or recommend engineering criteria to change the floor response spectrum.

10. Specialty curtain wall consultant field service. A large portion of the Fourth and Fifth Street facades are made of an aluminum and glass building enclosure system commonly known as a curtain wall because it supports only its own weight and is not part of the building structural system. Each building that uses such a system is using standard manufactured components that are put together in a unique way to provide the exterior weather enclosure for the building. Full size mock-ups are constructed to test water infiltration, temperature expansion and contraction, wind resistance, etc. This curtain wall system will be one of the most important component systems in the building. To ensure proper installation that will meet design requirements, code requirements, and improvements resulting from the mock up testing it may be necessary to have the actual construction reviewed as it progresses by an expert curtain wall consultant that has been involved with all phases of the project. Such expert on site inspection would be additional service by the MCEP Architects.

11. Consultant travel to manufacturing sites outside the Bay Area: Sometimes it is necessary for local design consultants to travel outside the Bay area to insure proper manufacture, fabrication, quality control or testing of building components. There are thousands of pieces of equipment, motors, fans, electrical components, lighting, audio visual systems, fire protection, fire alarm systems, etc. which in the best interest of finishing the project on time without last minute problems require inspection or observation at the manufacturing plant rather than shipping components to the job

site for testing. These inspection or commissioning trips would be additional services for the MCEP design consultants. Such travel may be required to Stockton, CA; Fresno, CA; Phoenix, AZ; Fullerton, CA; Wausau, MN; Scofield, MN; and Mountain Top, PA.

12. Select equipment for new vendors: SF Convention Facilities is in the process of hiring vendors to operate or maintain planned activities for MCEP. Those vendors who were not known during the design phase may and usually do request or require equipment or construction changes to accommodate their operations. Such changes would be additional services for the MCEP design team.

13. Review and approve substitutions for the project: Under the Architects contract they perform one review of submittals for materials and products that the Architects designed and the client approved. Additional services would be required for (1) client requested changes to materials and products, (2) contractor requested changes when the specified item is still available, and (3) upgrade in technology, improvement in materials, products or systems if the specified system is still available and was previously approved by the City.

14. Provide additional services to comply with special Building Department or other approval agency: Although every effort is made during the planning, design and construction phases to meet or exceed the requirements of all the approval agencies, sometimes new requirements or interpretations based on the actual construction become apparent to the approving agencies. Life safety and disabled access issues are two areas that require frequent last minute adjustment in order to obtain building occupancy permits or final approvals. The addition of these late changes, that could not have been anticipated during the design phase and after numerous previous approvals by the same authorities, would be additional services for the MCEP design consultants. Another example is the recent change by the Bay Area Air Quality Control Board of its latest standards on emissions for emergency generators that mandated the project change the specified generators and re-select another generator that met the new regulations.

15. Provide services to comply with new energy or conservation measures that may be enacted: Any City, State or Federal energy or conservation measures that are not already part of the MCEP design will require re-design work to accommodate those new measures. Construction is beyond 25% complete and any such revision might require demolition of completed construction and revision of plans and specifications to incorporate the new systems. Energy and conservation measures usually involve the heating, ventilating, air conditioning and electrical systems. Even a minor change may require extensive additional design work.

16. Exercise option by City to participate in cost of project insurance: The City instituted and has the option of raising the insurance coverage from the non-project specific coverage of $6 million to the project specific coverage of $10 million. This was recommended by the City Attorney to provide the City with the best protection at minimal cost.

CITY AND COUNTY OF SAN FRANCISCO

LOUISE H. RENNE
City Attorney

OFFICE OF THE CITY ATTORNEY

GEORGE K. WONG
Deputy City Attorney

DIRECT DIAL: (415) 554-3942
E-MAIL: george_wong@ci.sf.ca.us

MEMORANDUM
PRIVILEGED & CONFIDENTIAL

TO: DEBRA NEWMAN
Budget Analyst's Office

FROM: GEORGE K. WONG gw
Deputy City Attorney

DATE: August 16, 2001

RE: Modification of Contract with Gensler/Michael Willis/Kwan Henmi,. JV

In October, 1999 the Board of Supervisors approved a modified contract with Gensler/Michael Willis/Kwan Henmi, JV for architectural services in the amount of $14,026,326. Since that date, the Department of Public Works has modified the contract so that it now amounts to $14,089,073, an amount slightly in excess of the board-approved amount. The Department of Public Works is seeking a board resolution increasing the original approved amount of $14,026,326 by $1 million.

Charter Section 9.118, amongst other things, requires board approval of non-construction contracts of $10 million or more, and of modifications of such contracts exceeding $500,000. The department's execution of modifications do not require board approval, provided the total modified amount does not exceed $14,526,326 ($14,026,326 + $500,000). Therefore, modifications resulting in the present modified contract amount of $14,089,073 did not require board approval. However, at this time the department wishes to modify the contract by an additional amount of $1 million. This will require board approval by resolution.

Items 11, 12 and 13 - Files 01-1499, 01-1500 and 01-1501

The proposed ordinances would establish the Fiscal Year 2001-2002 Property Tax rates for the City and County of San Francisco including the Bay Area Air Quality Management District and the Bay Area Rapid Transit District (File 01-1499), for the San Francisco Unified School District (File 01-1500) and for the San Francisco Community College District (File 01-1501). The Property Tax rate proposed for the City and County of San Francisco is $1.00 per $100 of assessed valuation which is the maximum allowable rate. The total Property Tax rate of $1.124 per $100 of assessed value for Fiscal Year 2001-2002 for all of the jurisdictions named above, as calculated by the Controller, includes bond interest and redemption charges. The proposed Fiscal Year 2001-2002 Property Tax rate of $1.124 is a decrease of $0.012 from the Fiscal Year 2000-2001 Tax rate of $1.136.

The Fiscal Year 2000-2001 approved Property Tax rates and the Fiscal Year 2001-2002 proposed Property Tax rates are as follows:

	Approved Fiscal Year 2000-2001 Rates	Proposed Fiscal Year 2001-2002 Rates	Increase (Decrease)
City and County of San Francisco[1]:			
General Fund	0.57739620	0.57239620	(0.0050000)
Children's Fund	0.02500000	0.03000000	0.0050000
Open Space Acquisition Fund	0.02500000	0.02500000	-
County Superint. of Schools	0.00097335	0.00097335	-
Library Preservation Fund	0.02500000	0.02500000	-
S.F. Unified School District	0.28485725	0.28485725	-
S.F. Community College District	0.05336253	0.05336253	-
Bay Area Air Quality Management District	0.00208539	0.00208539	-
Bay Area Rapid Transit District	0.00632528	0.00632528	-
Subtotal, General Fund Tax Rate	$1.00	$1.00	$0.00

[1] Changes to the City's FY 2001-2002 General Fund and Children's Fund Property Tax allocations result from voter approval of Proposition D in November of 2000. Proposition D extended the Children's Fund allocation expiration date from June 30, 2002 until June 30, 2016. Proposition D also increased the allocation from $0.025 to $0.030, an increase of $0.005. There was an equal reduction to the General Fund Property Tax allocation.

Property Tax Rates (Continued)

	Approved Fiscal Year 2000-2001 Rates	Proposed Fiscal Year 2001-2002 Rates	Increase (Decrease)
Rates for Bonded Indebtedness			
City and County of San Francisco	$ 0.1348136	$ 0.12359506	($0.01121854)
S. F. Unified School District	0.0011864	0.00040494	(0 .00078146)
Subtotal, Bonded Indebtedness	$ 0.136	$ 0.124	($ 0.012)
Total Combined Tax Rate	$ 1.136	$1.1240	($0.012)

Compared with the current Fiscal Year 2000-2001 Property Tax rate of $1.136, the Fiscal Year 2001-2002 proposed $1.124 Property Tax rate will have the following effect on a tax bill for a single family residence assessed at $400,000 in FY 2000-2001:

	Fiscal Year 2000-2001	
Assessed Value	$400,000	
Less Homeowners Exemption	7,000	
Total	$393,000	divided by $100 x $1.136 = $4,464.48

	Fiscal Year 2001-2002	
Assessed Value (2000-2001)	$400,000	
Add 2% Cost of Living Increase	8,000	
Subtotal	$408,000	
Less Homeowners Exemption	7,000	
Total	$401,000	divided by $100 x $1.124 = $4,507.24

Net increase in Property Tax Bill for Fiscal Year 2001-2002 $42.76

As shown above, homeowners of a single family residence, assessed at $400,000, would experience a cost of living increase of 2 percent, as allowed under Proposition 13 for Fiscal Year 2001-2002. In the example reflected above, the cost of living increase, combined with the decreased rate for bonded indebtedness, results in a Property Tax increase of $42.76 for Fiscal Year 2001-2002 as compared to Fiscal Year 2000-2001.

Section 37.3 (6) of the Administrative Code (the Residential Rent Stabilization and Arbitration Ordinance) allows landlords to pass through to tenants that portion of Property Taxes attributable to the City's General Obligation bonds approved by voters between November 1, 1996 and November 30, 1998. For Fiscal Year 2001-2002, the passthrough rate, as determined by the Controller, is $0.025 per $100 of assessed value, or 2.5 cents per $100 of assessed value. This passthrough rate of $0.025 is $0.002 more than the $0.023 passthrough rate in FY 2000-2001. Landlords must comply with the Rent Board's procedures to be eligible for passthrough provisions.

Recommendation

Approve the proposed ordinances.

Item 14 - File 01 - 1502

The proposed ordinance would amend the previously approved Fiscal Year 2001-2002 Annual Appropriation Ordinance (AAO) as a prerequisite to the levy of the Property Tax rate. The proposed ordinance would amend the Fiscal Year 2001-2002 AAO to increase previously appropriated funds in the amount of $164,853 (from $944,926 to $1,109,779) to the Art Commission for the Municipal Symphony Orchestra (one-eighth of one cent per $100 of assessed valuation) as required by Charter Section 16.106(1).

Comment

The Fiscal Year 2001-2002 budget presently includes $944,926 for the Art Commission expenditures for the Municipal Symphony Orchestra. The proposed ordinance would increase this appropriation by $164,853 to $1,109,779 for Fiscal Year 2001-2002.

Recommendation

Approve the proposed ordinance.

Harvey M. Rose

Supervisor Leno
Supervisor Peskin
Supervisor Gonzalez
Clerk of the Board
Controller
Ben Rosenfield

BOARD of SUPERVISORS

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

0.25

29/01
5/01 Cancelled
12/01
19/01

NOTICE OF CANCELLED MEETINGS

FINANCE COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

NOTICE IS HEREBY GIVEN that the meetings of the Finance Committee scheduled for the Wednesdays of August 29, September 5, September 12, and September 19, 2001, at 10:00 a.m., at 1 Dr. Carlton B. Goodlett Place, Room 263, City Hall, San Francisco, California, have been **cancelled**.

Gloria L. Young, Clerk of the Board

FINANCE COMMITTEE
S.F. BOARD OF SUPERVISORS
CITY HALL, ROOM 244
1 DR. CARLTON GOODLETT PLACE
SAN FRANCISCO, CA 94102-4689

IMPORTANT HEARING NOTICE!!!

41 Library
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City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Meeting Agenda

Finance Committee

Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez

Clerk: Gail Johnson

Wednesday, September 26, 2001 **10:00 AM** **City Hall, Room 263**

Regular Meeting

).25

6/01

Note: Each item on the Consent or Regular agenda may include the following documents:
1) Legislation
2) Budget Analyst report
3) Legislative Analyst report
4) Department or Agency cover letter and/or report
5) Public correspondence
These items will be available for review at City Hall, Room 244, Reception Desk.

Each member of the public will be allotted the same maximum number of minutes to speak as set by the Chair at the beginning of each item, excluding City representatives, except that public speakers using translation assistance will be allowed to testify for twice the amount of the public testimony time limit. If simultaneous translation services are used, speakers will be governed by the public testimony time limit applied to speakers not requesting translation assistance.

AGENDA CHANGES

REGULAR AGENDA

1. 010982 **[Reserved Funds, SF LAFCO]**

Hearing to consider release of reserved funds, SF LAFCO (File No. 001995, Ordinance 308-00), in the amount of $365,000 to provide funds for the consultant to perform a sphere of influence study in the amount of $90,000; City Attorney legal services in the amount of $153,699.46; $100,000 for contracting for outside legal counsel; and funds for stipends for Commissioners and the use of interns from the University of San Francisco. (Clerk of the Board)

5/22/01, RECEIVED AND ASSIGNED to Finance Committee.

9/17/01, ASSIGNED to Finance Committee.

9/17/01, SUBSTITUTED. The Clerk of the Board submitted an amendment to the previous request, reducing the amount to be released from $604,250 to $365,000.

2. 011436 **[Official Advertising]**

Resolution authorizing the Purchasing Division of the Office of Contract Administration to negotiate and enter into a sole source contract with the San Francisco Chronicle to be the official newspaper of the City and County of San Francisco for the category of consecutive day official advertising for the fiscal year ending June 30, 2002. (Purchaser)

8/1/01, RECEIVED AND ASSIGNED to Finance Committee.

8/22/01, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Judith Blackwell, Director, Office of Contract Administration; Michael Ward, Assistant Director of Purchasing, Purchasing Division, Office of Contract Administration.
Continued to September 26, 2001.

3. 011444 **[Outreach Advertising]**

Resolution designating El Mensajero, El Latino and El Reportero to be outreach newspapers of the City and County of San Francisco for the Hispanic/Latino community; designating the China Press, the Chinese Times and AsianWeek to be outreach newspaper of the City and County of San Francisco for the Chinese community; designating the San Francisco Bay View to be outreach newspaper of the City and County of San Francisco for the African American community; designating San Francisco Spectrum, the Bay Area Reporter and San Francisco Bay Times to be outreach newspapers of the City and County of San Francisco for the Gay/Lesbian/Bisexual/Transgender community; designating MO Magazine to be outreach newspaper of the City and County of San Francisco for the Southeast Asian community; designating Russian Life to be outreach newspaper of the City and County of San Francisco for the Russian community, designating Hokubei Mainichi to be outreach newspaper of the City and County of San Francisco for the Japanese community, for the fiscal year ending June 30, 2002. (Purchaser)

8/1/01, RECEIVED AND ASSIGNED to Finance Committee.

8/22/01, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Judith Blackwell, Director, Office of Contract Administration; Luis Espinosa, Senior Purchaser, Purchasing Division, Office of Contract Administration; Gloria Young, Clerk of the Board; Ref Sanchez, California Newspaper Service Bureau; Theodore Lakey, Deputy City Attorney; Rolando Pasquali, Attorney, representing El Latino; Jose Del Castillo, publisher of El Mensajero; Clementina Garcia, El Latino; Carmen Ruiz, owner of El Latino; Michael Ward, Assistant Director of Purchasing, Purchasing Division, Office of Contract Administration.
Continued to September 26, 2001.

4. 011579 **[Department of Environment Lease]**

Supervisor Ammiano

Resolution authorizing the expansion of leased space at 11 Grove Street for the Department of the Environment and accepting donations of materials and services.

(District 6.)

8/27/01, RECEIVED AND ASSIGNED to Finance Committee.

5. 011564 **[Reserved Funds, Department of the Environment]**

Hearing to consider release of reserved funds, Department of the Environment (File 011431, Resolution No. 647-01), in the amount of $46,971 to fund the expansion of leased space at 11 Grove Street, to accommodate employees hired under two grant programs. (Environment)

8/28/01, RECEIVED AND ASSIGNED to Finance Committee.

6. **011394** **[Airport Information Booth Contract, Fiscal Year 2001-2002]**

Resolution approving the Controller's Certification that Airport Information Booth Services at San Francisco International Airport can practically be performed by private contractor at a lower cost than if work were performed by City employees at currently budgeted levels. (Airport Commission)

8/22/01, RECEIVED AND ASSIGNED to Finance Committee.

7. **011525** **[Appropriation Limit for Fiscal Year 2001-02]**

Resolution establishing the appropriations limit for fiscal year 2001-02 pursuant to California Constitution Article XIII B. (Controller)

(Fiscal impact.)

8/15/01, RECEIVED AND ASSIGNED to Finance Committee.
8/21/01, SUBSTITUTED. Substituted by Controller 8/21/01 bearing same title.
8/21/01, ASSIGNED to Finance Committee.

8. **011445** **[Approval of Amendment(s) to Design Agreement for the Moscone Center Expansion Project]**

Resolution authorizing the Director of Administrative Services to execute amendment(s) to design agreement, increasing the amendment sum from $14,026,326.38 to $15,026,326.38. (Administrative Services Department)

(Fiscal impact.)

8/1/01, RECEIVED AND ASSIGNED to Finance Committee.
8/22/01, CONTINUED. Speakers: None. Continued to September 26, 2001.

ADJOURNMENT

IMPORTANT INFORMATION

NOTE: Persons unable to attend the meeting may submit to the City, by the time the proceeding begins, written comments regarding the agenda items above. These comments will be made a part of the official public record and shall be brought to the attention of the Board of Supervisors. Any written comments should be sent to Committee Clerk, Finance Committee, San Francisco Board of Supervisors, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, California 94102 by 5:00 p.m. on the day prior to the hearing. Comments which cannot be delivered to the committee clerk by that time may be taken directly to the hearing at the location above.

LEGISLATION UNDER THE 30-DAY RULE

(Not to be considered at this meeting)

Rule 5.42 provides that when an ordinance or resolution is introduced which would CREATE OR REVISE MAJOR CITY POLICY, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. The provisions of this rule shall not apply to the routine operations of the departments of the City or when a legal time limit controls the hearing timing. In general, the rule shall not apply to hearings to consider subject matter when no legislation has been presented, nor shall the rule apply to resolutions which simply URGE action to be taken.

There are no items now pending under the 30-day Rule.

Meeting Procedures

The Board of Supervisors is the Legislative Body of the City and County of San Francisco. The Board has several standing Committees where ordinances and resolutions are the subject of hearings at which members of the public are urged to testify. The full Board does not hold a second public hearing on measures which have been heard in committee.

Board procedures do not permit: 1) persons in the audience at a Committee meeting to vocally express support or opposition to statements by Supervisors or by other persons testifying; 2) ringing and use of cell phones, pagers, and similar sound-producing electronic devices; 3) signs to be brought into the meeting or displayed in the room; 4) standing in the meeting room.

Citizens are encouraged to testify at Committee meetings and to write letters to the Clerk of a Committee or to its members, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102.

Agenda are available on the internet at www.ci.sf.ca.us/bdsupvrs.bos.htm.

THE AGENDA PACKET IS AVAILABLE FOR REVIEW AT CITY HALL, ROOM 244, RECEPTION DESK.

Board meetings are televised on channel 26. For video tape copies and scheduling call (415) 557-4293.

Requests for language translation at a meeting must be received no later than noon the Friday before the meeting.

AVISO EN ESPAÑOL: La solicitud para un traductor en una reunion debe recibirse antes de mediodia de el viernes anterior a la reunion. Llame a Erasmo Vazquez (415) 554-4909.

翻譯 必須在會議前最少四十八小時提出要求
請電 (415) 554-7701

Disability Access

Both the Committee Room (Room 263) and the Legislative Chamber are wheelchair accessible. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #47 Van Ness, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.

There is accessible parking in the vicinity of City Hall at Civic Center Plaza and adjacent to Davies Hall and the War Memorial Complex.

The following services are available when requested by 4:00 p.m. of the Friday before the Board meeting:

For American Sign Language interpreters, use of a reader during a meeting, or sound enhancement system, contact Violeta Mosuela at (415) 554-7704.

For a large print copy of agenda or minutes in alternative formats, contact Annette Lonich at (415) 554-7706.

The Clerk of the Board's Office TTY number for speech-hearing impaired is (415) 554-5227.

In order to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Donna Hall; by mail to Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 409, by phone at (415) 554-7724, by fax at (415) 554-7854 or by email at Donna_Hall@ci.sf.ca.us

Citizens may obtain a free copy of the Sunshine Ordinance by contacting Ms. Hall or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.ci.sf.ca.us/bdsupvrs/sunshine.htm

0.25

26/01

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

September 20, 2001

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: September 26, 2001 Finance Committee Meeting

Item 1 - File 01-0982

Department: Board of Supervisors
Local Agency Formation Commission (LAFCo)

Item: Request for release of $365,000 for LAFCo to contract for a sphere of influence study, pay for City Attorney services and outside legal counsel, telecast LAFCo meetings and increase LAFCo member stipends.

Amount: $365,000

Source of Funds: General Fund

Description: In December of 2000, the Board of Supervisors approved a motion (File 00-1248) calling for the formation of a Municipal Utility District (MUD) in the City and County of San Francisco and the City of Brisbane to be placed on the November 6, 2001 ballot.

According to Mr. Dorji Roberts of the City Attorney's Office, State law, initially passed in 1963 and subsequently amended in 1985 and 2000, created a LAFCo for every County in the State of California to evaluate proposals for changes of local government organization, such as the creation of new districts. Mr. Roberts advises that LAFCo Commissioners were never previously appointed in San Francisco because San Francisco is a consolidated City and County and had never before needed to approve a proposal for a change of organization in San Francisco. However, on August 21, 2000, the Board of Supervisors adopted a motion appointing three of its members to the San Francisco LAFCo. These three members then appointed two private citizens to the LAFCo on October 31, 2000, as required by State law.[1]

On December 5, 2000, the Board of Supervisors appropriated $754,250 from the General Fund Reserve for LAFCo expenses, and placed $604,250 of these funds on reserve (File 00-1995), pending a revised budget proposal. Therefore, $150,000 ($754,250 appropriated less $604,250 on reserve) was available for LAFCo expenditures in FY 2000-2001. The proposed request is for the release of $365,000 of the $604,250 previously placed on reserve.

Budget: The budget for the requested $365,000 is as follows:

Sphere of Influence Study	$90,000
City Attorney Expenses (July 1, 2000 - June 30, 2001)	153,700
City Attorney Expenses (July 1, 2001-September 30, 2001)	11,106
Outside Legal Counsel (September 1, 2001-June 30, 2002)	100,000
	$354,806

[1] Mr. Roberts advises that State law governing LAFCos changed effective January 1, 2001, such that San Francisco's LAFCo is now required to have four members of the Board of Supervisors and one public member, with two alternates from the Board of Supervisors.

As shown above, detailed requests were provided for $354,806 of funds to be released from reserve at this time, or $10,194 less than the original request of $365,000. Therefore, the subject request should be reduced by $10,194. As identified above, most of the requested funds are to pay for expenses that have already been incurred. Therefore, the requested release of funds should be amended to provide for retroactivity.

Comments:

1. The $150,000 previously approved for LAFCo was budgeted for the following expenditures:

Temporary Salaries	$69,650
Fringe Benefits	5,850
Membership Fees	2,000
Advertising	3,500
Other Current Expenses	32,750
Materials and Supplies	6,250
Services of the City Attorney	25,000
Services of Other Departments	5,000
Total	$150,000

As shown in Attachment I, provided by Ms. Gloria Young, the Executive Officer of LAFCo, as of September 3, 2001, LAFCo has expended and/or encumbered a total of $24,649 of the original $150,000 appropriated to LAFCo in December of 2000. Attachment I indicates that the $24,649 was expended for Temporary Salaries, related Fringe Benefits, Membership Dues, Advertising, and Miscellaneous expenses. Thus, LAFCo currently has a balance of $125,351 ($150,000 less $24,649) of funds available.

As also shown in Attachment I, LAFCo intends to spend the remaining $125,351 for (1) personnel expenses for secretarial support and premium pay for LAFCo's Executive Officer ($64,462), (2) City Attorney services ($25,000), (3) Department of Telecommunications and Information Services (DTIS) for Citywatch ($5,000), (4) official advertising ($5,000) and (5) materials and supplies, and other miscellaneous expenses ($25,889).

In this request for release of reserved funds, Ms. Young indicated that additional funds may be needed to pay for stipends for LAFCo's Commissioners and the use of interns from the University of San Francisco. However, Ms. Young now advises that the use of any interns would not require additional costs for LAFCo. In addition, the Budget Analyst notes that the Department has $25,889 available in the category "materials and supplies and other miscellaneous expenses" for such purposes from the $150,000 of funds previously appropriated and released by the Board of Supervisors for LAFCo.

2. Of this subject request for $365,000, $90,000 would be used by LAFCo to contract with E. J. Simpson to conduct a Sphere of Influence study. This study would analyze providing public power to the City and County of San Francisco and other potential areas by (1) assessing San Francisco' energy demand and resources, (2) identifying and evaluating public power service options and structures and (3) reviewing and analyzing other considerations, as detailed in Attachment II, the Description of Services to be provided by E. J. Simpson.

According to Ms. Young, Requests for Proposals (RFP) to conduct the Sphere of Influence Study were issued to 19 firms between May 28 and June 20, 2001 that were recommended by or identified at the April of 2001 American Public Power Association meeting, or recommended by California LAFCo members, San Francisco LAFCo members or who contacted Ms. Young's office and/or accessed the information from LAFCo's website. In response, by the deadline date of June 25, 2001, proposals were received from the following two firms: (1) ProjectDesign Consultants and (2) E. J. Simpson. Ms. Young advises that E.J. Simpson, a utility consultant based in Redding, California, was selected by LAFCo based on an evaluation of the two proposals and oral interviews. The proposed price of E.J. Simpson was $90,000 and the proposed

price of ProjectDesign Consultants was $104,300 plus expenses and a ten percent fee.

Ms. Young reports that LAFCo has now entered into an agreement with E.J. Simpson to conduct the Sphere of Influence Study, such that the request for release of the $90,000 funds would be required retroactively. The term of this agreement is from August 27, 2001 to October 10, 2001, a period of approximately six weeks, at an hourly rate of $150 per hour, based on an estimated 587 hours. In addition, actual costs for the contractor's meals, accommodations, long distance and cellular phone charges, postage, vehicle rental, etc. would be subject to approval of LAFCo, such that the total contract would not exceed $90,000[2].

3. The proposed request for $153,700 for the costs of services of the City Attorney's Office is for the period retroactive from July 1, 2000 to June 30, 2001 and includes (a) $100,900 of services provided by the City Attorney's Office based on approximately 697 hours at an average hourly rate of $144.76 and (b) $52,800 of legal services provided primarily by Shute, Mihaly and Weinberger, based on approximately 216 hours at an estimated average hourly rate of $239.50, plus approximately $1,068 of direct attorney expenses. Shute, Mihaly and Weinberger, outside legal counsel to the City Attorney's Office during FY 2000-2001, was selected on a sole source basis. According to Mr. Jesse Smith of the City Attorney's Office, Shute, Mihaly and Weinberger was selected by the City Attorney because of their extensive LAFCo experience in California.

As noted above, the previously released $150,000 for LAFCo included $25,000 for City Attorney expenses. Ms. Young advises that, to date, LAFCo

[2] Ms. Young advises that a Special Subcommittee Meeting of LAFCo has been scheduled for September 21, 2001 to discuss this contract, such that the amount of funds needed may be less than the originally requested $90,000. In addition, Ms. Young reports that litigation has been filed regarding this contract. However, as of the writing of this report, the actual amount of funds needed to be released from reserve to pay for this contract has not yet been determined.

has not allocated any funds to the City Attorney's Office. The subject requested release of $153,700 of City Attorney expenses incurred from July 1, 2000 through June 30, 2001 includes the $25,000 of expenses previously released. Therefore, the subject request of $153,700 for City Attorney expenses should be reduced by $25,000, to $128,700.

4. Ms. Martie Moore of the City Attorney's Office advises that from July 1, 2001 through August 31, 2001, the City Attorney's Office billed $6,588 to LAFCo and retained Shute, Mihaly & Weinberger for LAFCo counsel at a cost of $1,304, for total expenditures of $7,892 thus far in FY 2001-2002. In addition, Ms. Young advises that up to an additional 20 hours of City Attorney time at a cost not to exceed $3,213 ($160.65 per hour) may be required during the month of September of 2001, for total City Attorney expenditures of $11,105 in FY 2001-2002. The estimated 20 additional City Attorney hours may be needed to advise the Sphere of Influence consultant and the two private law firms recently hired (see Comment No. 5).

Mr. Roberts advises that previously LAFCo could appoint specific legal counsel or rely on the County Counsel (in San Francisco, the County Counsel is the City Attorney) for their legal advice. However, Mr. Roberts advises that the State Legislature amended LAFCo law, effective January of 2001, to require all LAFCos to specifically appoint legal counsel. On July 27, 2001, LAFCo requested that outside legal counsel be hired to provide LAFCo's legal services, such that the City Attorney's Office will no longer provide legal counsel for LAFCo.

5. Ms. Young advises that the subject requested $100,000 for outside legal counsel is anticipated to cover the costs for contracting for LAFCo's legal services retroactive from approximately September 1, 2001 through June 30, 2002. Ms. Young advises that a Request for Qualifications (RFQ) for legal counsel was issued to four firms on August 1, 2001 and two firms responded, including: (1) Donald Maynor and Fred Yanney, Fulbright & Jaworski

and (2) Hyde, Miller, Owen & Trost. Ms. Young reports that she has retained both legal firms, since Maynor, Yanney, et. al. has extensive municipal utility experience and Hyde, Miller, et. al. has extensive LAFCo experience. Maynor, Yanney rates are $320 - $360 per hour, plus travel and ancillary costs. Hyde, Miller, rates are $140 - $200 per hour plus ancillary costs.

Ms. Young advises that she cannot currently estimate the number of hours that would be required from each outside legal firm for the remainder of FY 2001-2002. According to Ms. Young, the requested $100,000 for legal counsel for the period from September 1, 2001 through June 30, 2002 is a rough estimate for the remainder of the fiscal year based on (a) the City Attorney's total FY 2000-2001 costs of $153,700, including outside legal counsel, (b) only ten remaining months of FY 2001-2002, (c) higher hourly rates for outside counsel, and the (d) need for outside counsel to attend LAFCo meetings, review the Sphere of Influence Study, consider MUD ballot issues and the potential processing of an application to create a MUD, in addition to general ongoing LAFCo legal responsibilities and assistance.

6. As discussed above in the Budget Section, the proposed requested release of $365,000 should be reduced by $10,194 to $354,806, to reflect the actual detailed request for funds. As discussed in Comment No. 3 above, this request should be further reduced by $25,000 to $329,806 to reflect that $25,000 for City Attorney expenses were already included in the previously released $150,000 for LAFCo. Furthermore, as discussed in the footnote to Comment No. 2, Ms. Young advises that a Special Subcommittee Meeting of LAFCo has been scheduled for September 21, 2001, to discuss the E. J. Simpson contract. As a result, the actual amount of funds needed for this originally scheduled $90,000 Sphere of Influence contract is not currently known, such that this request for release of reserved funds should be further reduced at this time by $90,000 to $239,806.

7. In summary, the Budget Analyst is recommending this request of $365,000 be reduced by $125,194 to $239,806. According to Ms. Young, an estimated $145,806[3], or 61 percent of the balance of $239,806, has already been incurred or obligated prior to obtaining approval from the Board of Supervisors for this release of such funds. Ms. Young advises that these funds were already incurred or obligated because the San Francisco LAFCo, as a State agency, directed the Executive Officer to proceed with obtaining and contracting for legal counsel services. The remaining $94,000 has not yet been incurred or obligated according to Ms. Young.

Recommendations:

1. Reduce the requested release of reserved funds of $365,000 by $125,194 to $239,806, to reflect (1) the actual detailed request for $354,806, or $10,194 less than the original request of $365,000, (2) a reduction of $25,000 of funds previously appropriated for City Attorney services, as noted in Comment No. 3, and (3) a reduction of $90,000 for the Sphere of Influence study to be conducted by E. J. Simpson, since the specific amount of funds needed is not currently known, as noted in the footnote for Comment No. 2.

2. Release $94,000 of the $239,806 of funds not yet expended or incurred. Approval to release the remaining $145,806 of reserved funds already incurred or obligated, prior to obtaining Board of Supervisors approval, is a policy matter for the Board of Supervisors.

[3] The estimated $145,806 is based on approximately $139,806 of City Attorney expenses incurred from July 1, 2000 through September 26, 2001 plus approximately $6,000 for the outside legal counsel beginning September 1, 2001.

Attachment I

INDEX CODE: 015016 PBDLAF 01
ORD. NO. 308-00
Fiscal year 03 2002 Sept. 2001

LOCAL AGENCY FORMATION COMM

	Description	2000-01 Budget	Expend./Encumb. RESERVED	Expend./Encumb.		Bal. Avail.
00500	Temporary Salaries	69,650.00		8,840.50		60,809.50
01300	Fringe Benefits	5,850.00		2,197.47		3,652.53
02100	Travel	3,000.00	3,000.00	192.00		-192.00
02401	Membership Dues	2,000.00		4,070.00		-2,070.00
02700	Professional & Speical Svc	500,000.00	500,000.00			
03500	Other current Expense	59,000.00	26,250.00	52.00		27,111.00
03581	Advertising	3,500.00		7,370.00		
03599	Miscellaneous			1,717.00	9,139.00	
04000	Materials and Supplies	6,250.00		210.00		6,040.00
081CT	Services of Other Dept.-CT	100,000.00	75,000.00			25,000.00
081C5	Services of Other Dept.-DTIS	5,000.00				5,000.00
	TOTAL	754,250.00	604,250.00	24,648.97	125,351.03	125,351.03

Personal Services	64,462.03
Other Services - Net	24,849.00
Materials & Supplies	6,040.00
Services of Other Dept.-CA	25,000.00
Services of Other Dept.-DTIS	5,000.00
	125,351.03
Fund Provided For:	
Personal Services	64,462.03
Services of Other Dept.-CA	25,000.00
Services of Other Dept.-DTIS	5,000.00
Total	94,462.03
Remaining Fund intended for:	30,889.00
Official Advertising (estimate)	5,000.00
Available for Materials & Supplies, and other miscellaneous exp.	25,889.00

Appendix A
Services to be Provided by Contractor

1. Description of Services

LAFCO SPHERE OF INFLUENCE ANALYSIS OF PROVIDING PUBLIC POWER TO THE CITY AND COUNTY OF SAN FRANCISCO AND OTHER POTENTIAL AREAS

I. Assess San Francisco's energy demand and resources: There are three parts to delivery of electric service: generation, transmission, and distribution. Consider San Francisco's need for each and the means of providing each now and in the future.

A. Current Demand and Resources and Compile Data Abstract for the following elements:

1. Current San Francisco's energy demand by land use class (residential, commercial, municipal, industrial, etc.) and/or other relevant types of users, and utilizing methods of systems analysis.

2. For generation, transmission, and distribution: identify resources and current ownership.

B. Future San Francisco's Demand and Resources

1. Project San Francisco's future demand under a range of assumptions regarding City growth, price of energy, and conservation efforts, including residential conservation measures.

2. Assess capability of generation, transmission and distribution systems to meet future demand. Estimate future upgrades and capital outlay for each component.

II. Identify and evaluate public power service options and structures: For each service option and structure below, consider and compare (1) risks and benefits to San Francisco's consumers, (2) economic and financial impacts, including financing options, and opportunities for shared facilities, (3) time required to implement, (4) current and projected rates, (5) service quality and reliability, (6) maintaining environmental quality, (7) local control vs. state regulation, and (8) political, educational and social resources. Compare to status quo ((Pacific Gas and Electric (PG&E) service.))

A. Evaluate the following service options:

1. Community choice, aggregation: Aggregate electric load of San Francisco's consumers and provide electricity (purchase or generate) using PG&E's distribution system.

2. Distribution service (i.e., take over PG&E bundled service role w/in San Francisco)

a. Take over existing PG&E facilities
b. Gradual entry into distribution business by taking over selected portions of system or building new facilities

3. Transmission service

a. Own and operate existing transmission
b. Construct new transmission facilities (((3rd St. line, upgrade of line from San Francisco Airport (SFO) to City))
c. Complete Hetch Hetchy transmission line from Newark to City

4. Generating resources

   a. Purchase existing generation
   b. Build generation
   c. Develop renewable energy resources

5. Alternatives

   a. Energy efficiency
   b. Energy alternatives, including, but not limited to solar power, wind power, and other known renewable and sustainable alternatives

B. Evaluate the following structures for providing each of the service options listed above. Consider advantages and disadvantages of each structure.

1. Municipal Utility District (San Francisco or San Francisco-Brisbane)

2. Municipal power agency through City and County of San Francisco, under current or revised Charter

3. Joint power entity formed with other local governments and/or local public private partnerships

III. Other considerations

1. Analyze PG&E bankruptcy, failure to pay property tax, and impact on public power option
2. Review franchise agreement and Wheeling Agreement
3. Review status of Raker Act
4. Review the Turlock/Modesto contracts
5. La Follette Act and FERC relevancy to acquisition of other dam sites

Item 2 – File 01-1436

Note: This item was continued by the Finance Committee at its meeting of August 22, 2001.

Department: Department of Administrative Services, Office of Contract Administration, Purchasing Division

Items: Resolution authorizing the Purchasing Division of the Office of Contract Administration to negotiate and enter into a sole source contract for Fiscal Year 2001-2002 with the San Francisco Chronicle to be the City's official newspaper to provide Type 1 advertising which requires the newspaper to be printed at least five days per week, on two or more consecutive days.

Description: Proposition J, which was approved by the San Francisco voters in November of 1994, in part, changed the criteria by which the City selects a newspaper to publish the City's official advertising. The Purchasing Division advises that, under Proposition J, Section 2.81 of the Administrative Code was amended with respect to the criteria to be considered in evaluating bids submitted by newspapers that wish to be designated as the City's official advertising newspapers. Bidders are required to submit typeset samples and other documentation for evaluation purposes. The criteria used for evaluation of bids under Section 2.81 includes (1) the cost of advertising in the newspaper (the newspaper which bids the lowest price per advertisement for advertising receives additional points), (2) the level of circulation of the newspaper (the newspaper with the largest circulation receives additional points), (3) the cost of the newspaper to the general public (any newspaper with a majority of circulation that is free of charge to the general public receives additional points), and (4) the ownership of the newspaper by a minority-owned, women-owned, or locally-owned business (newspapers which are owned by minority, women or locally-owned firms receive additional points). In addition, bidders must comply with all contracting requirements under the City's Charter and the Administrative Code, according to Mr. Mike Ward of the Purchasing Division.

The City's official advertising is divided into two categories:

<u>Type 1 – Advertisements for Two or More Consecutive Days:</u> Official advertising which must be published on two or more consecutive days, and all official advertising which is required to be published in accordance with Section 2.103 of the Charter for special meetings of the Board of Supervisors and its standing or special committees. The official newspaper must publish at least 5 days a week for Type 1 official advertising.

<u>Type 2 – Advertisements for Single or Non-consecutive Days</u>: Official advertising, which must be published one time (other than one-time advertising related to special meetings for the Board of Supervisors and its standing and/or special committees) or more than one time but not more than three times per week for a specified number of weeks. The official newspaper must publish at least 3 days a week for Type 2 official advertising.

The City's contract for Type 1 official advertising with the San Francisco Examiner expired on June 30, 2001. According to Mr. Ward, in response to its Invitation for Bids on March 31, 2001, the Purchasing Division did not receive any bids for Type 1 official advertising. Because no bids were received for Type 1 official advertising, the Purchasing Division has not made a recommendation to the Board of Supervisors regarding the award of the City's Type 1 official advertising for FY 2001-2002. However, according to Mr. Ward, the Purchasing Division contacted the San Francisco Chronicle and the San Francisco Examiner in April of 2001, and both newspapers subsequently offered their services to provide the City's Type 1 official advertising in Fiscal Year 2001-2002. Mr. Ward states that these offers to provide the City's Type 1 official advertising in Fiscal Year 2001-2002 from the San Francisco Chronicle and the San Francisco Examiner were made in response to an inquiry by the Purchasing Division and are not considered to be formal bids in response to an invitation to bid.

This proposed resolution would authorize the Purchasing Division to negotiate and enter into a sole source contract

with the San Francisco Chronicle to provide Type 1 official advertising.

As shown in the attached August 1, 2001 memorandum from Ms. Judith Blackwell of the Purchasing Division to the Clerk of the Board of Supervisors (Attachment II), the Purchasing Division reports that the San Francisco Chronicle would charge $8.42 per line of typeset for Type 1 consecutive day official advertising in FY 2001-2002, which is $5.96 more or 242.3 percent than the $2.46 charged in FY 2000-2001 by the San Francisco Examiner for Type 1 official advertising and is $1.29 more or 18.1 percent more than the $7.13 per line of typeset that the Examiner would charge for Type 1 consecutive day official advertising in FY 2001-2002. For FY 2001-2002, the Purchasing Division reports that the total estimated annual cost for Type 1 official advertising, which would be provided by the San Francisco Chronicle if this legislation is approved, is $133,114 or $94,224 more than the cost for FY 2000-2001 of $38,890 charged by the San Francisco Examiner for Type 1 official advertising.

Mr. Ward advises that the San Francisco Chronicle meets the Administrative Code requirements to be designated as the City's Type 1 official advertising newspaper. Such requirements include having a newspaper circulation of at least 50,000 copies per week, being published at least five days per week on two or more consecutive days, and being printed in San Francisco. However, according to Mr. Ward, the San Francisco Chronicle does not comply with Chapter 12B of the Administrative Code, pertaining to the City's Equal Benefits Ordinance. If the Board of Supervisors decides to authorize the Purchasing Division to negotiate and enter into a sole source contract with the San Francisco Chronicle to provide the City's Type 1 official advertising, then the Purchasing Division would request a waiver of the Chapter 12B Equal Benefits requirements from the Human Rights Commission in order to enter into a sole source contract with the San Francisco Chronicle, according to Mr. Ward.

Although, as noted above, the San Francisco Examiner has offered to provide the City's Type 1 official advertising in FY 2001-2002 at a rate of $7.13 per line, which is $1.29

less per line than the price of advertising in the Chronicle, the Examiner is not printed in the City, as required by Section 2.80-1(a) of the Administrative Code. In that regard as shown in a memorandum provided by the Purchasing Division (Attachment I), the City Attorney stated that "the Examiner cannot continue to be the official newspaper if it doesn't publish in S.F." In addition, the San Francisco Examiner, as is the case with the Chronicle, is not compliant with Chapter 12B of the Administrative Code.

Although, according to Mr. Ward, the Purchasing Division has not recommended approval of this proposed resolution, Mr. Ward reports in a September 10, 2001 memorandum (Attachment I) that "given the limitations of the Examiner, the City Attorney's opinion and applicable Chapter 12B regulations, there is only one viable option available to the City for Type 1 consecutive day official advertising – the San Francisco Chronicle" because, as stated in Attachment II, (a) this is an instance when no bids were received, (b) there are no other qualified newspapers that are in compliance with Chapter 12B and (c) having a Type 1 official advertising newspaper is essential to the City and its residents.

Comments:

1. As previously noted, the estimated costs for Type 1 official advertising to be provided by the San Francisco Chronicle would be $133,114 in FY 2001-2002. Mr. Ward reports that the estimated cost for Type 2 official advertising is $1,305,878 for FY 2001-2002. Therefore, the total estimated cost for Type 1 and Type 2 official advertising for FY 2001-2002 would be $1,438,992.

2. According Section 2.81-2(a) of the Administrative Code, the City is required to withhold 10 percent of the annual amounts paid for the City's Type 1 and Type 2 official advertising and to designate such monies in the City's Outreach Advertising Fund (see Item 3, File 01-1444 of this September 26, 2001 report to the Finance Committee).

3. Attachment I is a memorandum from Mr. Ward responding to questions raised by the Finance Committee at the Committee's meeting of August 22, 2001. According

to Mr. Ward, and as previously noted, no formal bids have been received from the Chronicle or the Examiner to provide the City's Type 1 consecutive day official advertising. Both newspapers have responded to an inquiry from the Purchasing Division by offering their services to provide Type 1 official advertising in FY 2001-2002. Although both the Chronicle and the Examiner do not comply with Chapter 12B of the Administrative Code pertaining to the City's Equal Benefits Ordinance, the Examiner also does not comply with Section 2.80-1(a) of the Administrative Code which requires that the City's Type 1 official advertising newspaper to be printed in the City. Given the limitations of the Examiner, the Chronicle is the only viable option available to the Board of Supervisors to be designated as the City's official newspaper to provide Type 1 consecutive day advertising, according to Mr. Ward.

4. The City has not had a designated newspaper to provide for Type 1 consecutive day official advertising since the expiration of the City's contract with the Examiner on June 30, 2001. According to Mr. Ward, under Section 2.81 of the Administrative Code, the Board of Supervisors is required to annually designate a newspaper to provide for Type 1 consecutive day official advertising for the City. According to Mr. Ward, if this proposed resolution is not approved to award a sole source contract to the Chronicle, the City would have no newspaper, under contract, to provide for the City's Type 1 official advertising for FY 2001-2002. According to Mr. Ward, the City could then place consecutive day advertisements in the Chronicle, the Examiner, or any other newspaper that complies with the contracting requirements under the City's Charter and Administrative Code, on an as-needed basis. However, Mr. Ward further reports that some of the City's advertising requires placement in a newspaper that is under contract to the City to provide for the City's Type 1 official advertising, and cannot be placed in a newspaper on an as-needed basis.

Although Attachment I notes that the non-contract rate for advertising in the Chronicle is $16.33, Ms. Andrea Rosato of the San Francisco Chronicle states in a letter dated May 3, 2001 to the Purchasing Division (Attachment III) that the City would not be required to sign a contract with the Chronicle to receive the $8.42 per line contract rate proposed by the Chronicle.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

City and County of San Francisco — Office of Contract Administration

Willie Lewis Brown, Jr.
Mayor

Judith A. Blackwell
Director

Purchasing Division

September 10, 2001

TO: Anna Weinstein
Budget Analyst's Office
San Francisco Board of Supervisors

THROUGH: Judith A. Blackwell
Director
Office of Contract Administration

FROM: Michael D. Ward
Assistant Director of Purchasing
Office of Contract Administration

RE: Official and Outreach Advertising Contracts

I am pleased to respond to the questions contained in your email, dated August 22, 2001, regarding the City's official and outreach advertising contracts. Following, is a point by point response to each of your questions. Supporting documentation is provided where appropriate.

OFFICIAL ADVERTISING

On March 31, 2001, the Office of Contract Administration – Purchasing Division published an invitation to bid for Type 1 Consecutive Day Official Advertising. Bids were due April 20, 2001 and no bids were received in response to this solicitation.

1. On May 2, 2001, the Purchasing Division received a letter from the San Francisco Examiner expressing interest in providing advertising services to the City, at a rate of $7.13 per line for FY 2001-2002. A copy of this letter is appended to this memorandum, as Exhibit A. This letter was in reply to an inquiry by the Purchasing Division and is not a formal bid in response to an invitation to bid.

   On May 3, 2001, the Purchasing Division received a letter from the San Francisco Chronicle indicating their willingness to extend to the City a bulk rate contract for advertising services, at a rate of $8.42 per line for FY 2001-2002. A copy of this letter is appended to this memorandum, as Exhibit B. This letter was in reply to an inquiry by the Purchasing Division and is not a formal bid in response to an invitation to bid.

2. The "old" S.F. Examiner's contract rate for FY 2000-2001 was $2.46 per line. This is in reference to the Examiner that was owned and published by the Hearst Corporation.

3. On November 21, 2000, the Purchasing Division received a letter from Mr. James L. Clancy, Vice President Finance and Chief Financial Officer of the San Francisco Newspaper Agency, agent of the San Francisco Examiner, stating that due to the purchase of the Examiner by ExIn, LLC, beginning

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November 22, 2000, the Hearst Corporation had no legal authority to publish the Examiner. In addition, Mr. Clancy indicated that any future advertising with the Examiner would have to be negotiated with the ExIn, LLC directly.. A copy of this letter is appended as Exhibit C.

Following, the Purchasing Division had numerous conversations with Mr. Bob Haddad, Vice President of Circulation of the Examiner and the Examiner's General Counsel, to clarify matters relating to the contract and to convey the City's desire to resolve the matter expeditiously. In addition, the Purchasing Division provided ExIn, LLC and its General Counsel with documents relating to the contract. On December 19, 2000, the Purchasing Division sent a letter to Mr. Haddad urging the Examiner to finalize their decision to honor the terms and conditions of the "old" Examiner's contract.

On January 2, 2001, the Purchasing Division received a letter from Mr. Peter Herschberger, Vice President of Sales and Marketing for the Examiner, stating that the Examiner would agree to provide publication service for the City's advertisements under certain adjustments to the contract. A copy of this letter is appended to this memorandum as Exhibit D. Among other things, this letter stated that the "San Francisco Examiner is not printed within the limits of the City and County of San Francisco nor does it have plans to begin such printing in the foreseeable future." This was a matter of great concern to the Purchasing Division because Chapter IX, Section 2.80-1 (a) of the Administrative Code requires that the city's official newspaper be printed in the City and County of San Francisco.

Subsequently, the Purchasing Division requested the City Attorney's opinion regarding the requirement to print in the City. On January 9, 2001, the City Attorney responded: "The answer is clear – the Examiner cannot continue to be the official newspaper if it doesn't publish in S.F. There is no way to get around this, unless the Board wants to amend the law." The law referenced by the City Attorney is Proposition J, passed by the voters in November 1994 and incorporated in the Administrative Code as Article IX: Official Newspaper (s) – relevant part is Section 2.80-1 (a) "Official Newspaper".

The Purchasing Division checked with the Office of the Clerk of Board of Supervisors and was advised that consecutive day official advertising was not used extensively by the Board and there was no need identified for this service in the balance of the fiscal year. In consultation with the Purchasing Division, the Office of the Clerk of the Board decided that, to the extent possible, it would use the Independent as an alternate for publishing the city's official notices. Immediately, the Purchasing Division began to develop the new bid for official advertising scheduled for publication in March 2001.

4. Circulation: Examiner, Chronicle and San Jose Mercury News:

	San Francisco Circulation		Total Circulation	
	All Days	Sunday	All Days	Sunday
Examiner *	35,000	35,000	52,000	52,000
Chronicle	128,935	122,197	530,125	551,286
San Jose Mercury	4,200	3,200	292,000	332,000

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Sources: Chronicle – ABC Publisher's Interim Statement (audited) for 13 weeks ended 12/31/00
Examiner – Examiner's circulation department

* It should be noted that the Examiner has not been published on Saturdays since November 22, 2000.

5. Price Per Line: Examiner, Chronicle and San Jose Mercury News:

	Per Line Rate Non-Contract	Per Line Rate Contract
Examiner	$8.30	$7.13
Chronicle	$16.33	$8.42
San Jose Mercury News *	No quote	No quote

* The San Jose Mercury News would not provide a price quote. The reason stated is that the San Jose Mercury News does not qualify for this contract because it is not printed in the City of San Francisco nor is it adjudicated as a newspaper of general circulation for the City of San Francisco. A copy of the letter from the San Jose Mercury News is appended to this memorandum as Exhibit E.

6. The Purchasing Division presented the Chronicle as a "viable option". If it is the preference of the Budget Analyst that we use the terminology "recommendation", in the future, to avoid confusion, we will make certain to do so.

The Budget Analyst's report, dated August 16, 2001, aptly captures the intent of the Purchasing Division with regards to the resolution that was introduced for Type 1 consecutive day official advertising:

> "The Purchasing Division suggests that the proposed sole source contract with the Chronicle is a viable option because, as stated in the attached memorandum from the Purchasing Division, (a) this is an instance when no bids were received, (b) there are no other qualified newspapers that are in compliance with Chapter 12B and (c) having a Type 1 official advertising newspaper is essential to the City and its residents."

The Purchasing Division believes that Chapter 12B of the Administrative Code, Sec.12B.5-1 (d) (1) pertaining to non-applicability, exceptions and waivers provides for a sole source contract in this case.

Moreover, it should be noted that the City has only two major dailies that can compete for Type 1 consecutive day official advertising – the Chronicle and the Examiner. The San Francisco Examiner does not meet Prop J requirements that the official newspaper must be printed in the City and County of San Francisco. In addition, the Examiner is not compliant with Chapter 12B of the Administrative Code pertaining to equal benefits. Furthermore, the Examiner is not published on Saturdays, which limits the newspaper's ability to publish the city's Type 1 consecutive day official ads.

Again, we highlight that the opinion of the City Attorney is: "The answer is clear - the Examiner cannot continue to be the official newspaper if it doesn't publish in S.F. There is no way to get around this, unless the Board wants to amend the law." The law referenced by the City Attorney is Proposition J, passed by the voters in November 1994 and incorporated in the Administrative Code as Article IX: Official Newspaper (s) – relevant part is Section 2.80-1 (a) "Official Newspaper".

With regards to the San Francisco Chronicle, this newspaper meets all Prop J requirements prescribed in the Administrative Code for the City's official newspaper, however, the Chronicle is not compliant with Chapter 12B of the Administrative Code.

The Purchasing Division believes that given the limitations of the Examiner, the City Attorney's opinion and applicable Chapter 12B regulations, there is only one viable option available to the City for Type 1 consecutive day official advertising – the San Francisco Chronicle.

OUTREACH ADVERTISING

1. The Purchasing Division had two alternatives for estimating the cost of outreach advertising for FY 2001-2002. One was to prepare an estimate based on actual expenditures in FY 2000-2001. The other was to prepare a cost estimate based on the price per sample advertising submitted by each newspaper along with its bid.

   Based on the former analysis the projected cost for thirteen newspapers in FY 2001-2002 is $206,067. This was based on a price per line calculation over 12 months. We then adjusted for a planned 9-month usage for a projected total of $153,500.

   We then obtained sample copies of advertising and noticed that these were based, in large part, on the following:
      a. Ads exceeding the 4" x 6" ad size required by the City
      b. Different type sizes and column widths
      c. Some prices are not as specified in outreach advertising contracts

   See, Exhibit F containing copies of actual ads published by outreach newspapers in FY 2000-2001.

   At the request of the Board, we also performed a different analysis of projected costs based on the bids only, taking into account:
      a. cost of the ad, based on price per line and number of lines per ad
      b. translation costs, where applicable
      c. number cf ads that will be published by each newspaper in FY 2001-2002

   Surprisingly, the projected cost for thirteen newspapers, for FY 2001-2002 for twelve months under this new analysis is $142,488, or $98,694 for nine months. See Exhibit G, containing a copy of these two budgets.

   You also requested an explanation of the estimate cost of outreach advertising in FY 2001-2002. Our reply to this question is appended as Exhibit H

2. A survey conducted by the Purchasing Division, during the week of August 27, 2001, shows that departments do both place ads through the Clerk of the Board of Supervisors and place ads going directly to the outreach advertising newspapers. With regards to payments, departments responded that payment for ads placed directly to the outreach advertising newspapers is through the departments own budget, and does not ever impact the outreach advertising fund.

   The California Newspaper Service Bureau (CNSB) – the agency responsible for coordinating billing for the outreach newspapers - indicated that they maintain two separate accounts for outreach advertising. One is for the weekly ad placed by the Clerk of the Board of Supervisors and the other is for ads placed by departments directly to outreach newspapers.

   The CNSB further stated that invoices for ads placed by departments are sent to the department placing the ad. Adding that all payments for the Board of Supervisors' weekly outreach advertising are subject to the approval of the Office of the Clerk of the Board.

   With regards to payments, the Office of the Clerk of the Board indicated to the Purchasing Division that they approve payments for the Board's weekly ad only.

   Source: Survey of departments conducted by the Office of Contract Administration, 08/27/01
   California Newspaper Service Bureau

Please, see Exhibits I through M, responding to other questions in your email (Outreach Advertising, Nos. 2 through 6).

We trust this memorandum answered all of your concerns. If you have additional questions or need more information, email or contact me at 554-6740.

cc: Harvey Rose, Budget Analyst
Gloria Young, Clerk of the Board of Supervisors

ty and County of San Francisco

Willie Lewis Brown, Jr.
Mayor

Purchasing Department

Judith A. Blackwell
Director

August 1, 2001

To: Gloria Young
Clerk of the Board
San Francisco Board of Supervisors

Through: Judith A. Blackwell
Director of Purchasing
Purchasing Department

From: Michael D. Ward
Assistant Director of Purchasing
Purchasing Department

Subject: Designating Official and Outreach Newspapers for FY 2001-2002

The Purchasing Division is writing this letter in response to inquiries from members of the Finance Committee with regards to the designation of newspapers for official and outreach advertising services for Fiscal Year 2001-2002.

Official Advertising - Type 1 Consecutive Day

Purchasing solicited but did not receive bids for Type 1 Consecutive Day Advertising. However, the San Francisco Chronicle offered its services to the City at a bulk contract rate of $8.42 per line.

The Chronicle meets the Administrative Code requirements for an official newspaper, including circulation of 50,000 per week, consecutive day publication and is printed in the City. However, the Chronicle is not compliant with Chapter 12B of the Administrative Code.

A sole source contract with the Chronicle is a viable option because this is an instance when no bids were received, there are no qualified newspapers that are in compliance with Chapter 12B and the contract is essential to the City and its residents. With regards to Chapter 12B, the Purchasing Division will request a waiver from the Human Rights Commission.

The following is the estimated advertising costs for Type 1 Consecutive Day Advertising for FY2000-01 and FY2001-2002.

	Examiner FY 2000-2001	Chronicle Offer FY 2001-2002
Cost Per Line	$2.46	$8.42
Estimated annual cost:	$38,890	$133,114
Annual Cost Increase:		$ 94,224
Percent Increase:		243%

Letter to Gloria Young
August 1, 2001
Page 2

The contract rate of $2.46 per line in FY 2000-2001 was based on the Examiner circulation of 108,896, according to the Audit Report of September 30, 1999. The circulation figures for the San Francisco Chronicle for the period ending March 31, 2001 are All Day 527,466 and Sunday 540,074.

The Chronicle's offer of $8.42 per line is a considerable saving off the open non-contract rate of $16.33 per line. A rate of $8.42 per line is the equivalent of a bulk contract rate.

It should be noted that the San Francisco Examiner also expressed interest in providing its services to the City. However, the Examiner is not printed in the city as required by Article IX of the Administrative Code and has no intention of doing so in the foreseeable future. In addition, the Examiner is not compliant with the requirements of Chapter 12B of the Administrative Code.

Appended to this letter, as Exhibit A, is the draft of a resolution authorizing the Purchasing Division to negotiate a sol source contract with the San Francisco Chronicle.

Outreach Advertising

The Purchasing Division solicited bids for outreach advertising and received only four responsive bids - one from the Hispanic community and three from the Chinese community.

Given the number of responsive bids received, only two communities mandated by Proposition J would have outreach advertising coverage in Fiscal Year 2001–2002. In addition, non-Prop. J communities -requested by the Board in Resolution No. 841-00, passed October 2, 2000- would not have outreach advertising coverage. These are the Russia Southeast Asian, Korean and Filipino communities.

Given that the newspapers submitting responsive bids do not adequately serve all neighborhoods, the Board might wa to authorize additional outreach advertising. As proposed, the maximum estimated cost of cost outreach advertising f Fiscal Year 2001-2002 would be $206,067. This amount depends on the number of outreach newspapers that will be authorized by the Board. The total estimated amount that will be available in the Outreach Advertising Fund in Fisca Year 2001-2002 is $241,392. Should the Board elect to authorize the proposed additional advertising, community coverage would be as follows:

Community	Outreach Newspaper
Hispanic/Latino:	El Mensajero
	El Latino
	El Reportero
Chinese	China Press
	Chinese Times
	AsianWeek
African American	San Francisco Bay View
Lesbian/Gay/Bi-sexual/Transgender	Spectrum
	Bay Area Reporter
	S.F. Bay Times

Community	Outreach Newspaper
Russian	Russian Life
Southeast Asian	Mo Magazine
* Japanese	Hokubei Mainichi

* Not requested by the Board in Resolution No. 841-00.

Appended to this letter, as Exhibit B is the draft of a resolution designating outreach advertising newspapers and authorizing the Purchasing Division to execute contracts with the designated periodicals. The Purchasing Division requests that this item be treated as an Amendment of the Whole and calendared for the Finance Committee meeting of August 8, 2001.

On file, is a resolution (File No. 01-0867) designating the China Press to be outreach newspaper of the City and County of San Francisco for the Chinese community, and El Mensajero to be outreach newspaper of the City and County of San Francisco for the Hispanic community, for outreach advertising for the fiscal year ending June 30, 2002. On 05/30/01, the Finance Committee continued this item. And on 07/18/01, the Committee again continued the item, to the Call of the Chair.

The Purchasing Division's contact persons for File No. 01-0867 and the proposed Amendment of the Whole, and official advertising resolution are:

Mike Ward	554-6740
Luis Espinoza	554-6736

Please, advise if the Board needs additional information before the Finance Committee or Full Board meeting. The Purchasing Division looks forward to reviewing this matter with the Board.

Exhibits:

A. Resolution - Official Advertising
B. Resolution – Outreach Advertising

cc Harvey Rose, Budget Analyst

San Francisco Chronicle
a Hearst Newspaper

May 3, 2001

Andrea Rosato
Call Center Manager
Classified Advertising

City and County of San Francisco
Purchasing Department
City Hall, Room 430
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Luis M. Espinoza
Senior Purchaser

Dear Luis:

The San Francisco Chronicle is willing to extend to the City and County of San Francisco the rate of $8.42 per line, which is equivalent to a bulk contract level of 3,000 lines per quarter, or 12, 000 lines per year.

This is a considerable saving off the open non-contract 2 x consecutive rate of $16.33 per line. In addition, The City and County of San Francisco will not be short rated if it does not achieve the bulk contract performance of 3,000 lines minimum per quarter, and will not be required to sign a contract.

The contract rate that was extended to the City and County for the term July 1, 2000 through June 30, 2001 of $2.46 a line, was based on The Examiner circulation of 108,896 according to the Audit Report of September 30, 1999. Our most recent circulation figures for the San Francisco Chronicle released from the Fas-Fax for a six-month period which ended March 31, 2001 are: All Day, 527,466 - Sunday, 540,074. Also, we will continue to deliver ten Chronicle newspapers to your office every Friday.

Please contact me if you have a question.

Sincerely,

AW

Andrea Rosato
Call Center Manager
San Francisco Chronicle

AR/gc

901 Mission Street · San Francisco · CA 94103 · ph: (415) 777-7184 · fax: (415) 536-4365 · pager: (415) 850-2036 · email: arosato@sfchronicle.com

Item 3 – File 01-1444

Note: This item was continued by the Finance Committee at its meeting of August 22, 2001.

Department: Department of Administrative Services, Office of Contract Administration, Purchasing Division

Item: Resolution designating El Mensajero, El Latino and El Reportero to be outreach newspapers for the City's Hispanic/Latino community; designating the China Press, the Chinese Times and the Asian Week to be outreach newspapers for the City's Chinese community; designating the San Francisco Bay View to be the outreach newspaper for the City's African American community; designating the San Francisco Spectrum, the Bay Area Reporter and the San Francisco Bay Times to be outreach newspapers for the City's Gay/ Lesbian/Bisexual/Transgender community; designating Mo Magazine to be the outreach newspaper for the City's Southeast Asian community; designating the Russian Life to be the outreach newspaper for the City's Russian community; and designating the Hokubei Mainichi to be the outreach newspaper for the City's Japanese community, for Fiscal Year 2001-2002.

Description: Proposition J, which was approved by San Francisco voters in November of 1994, provided, in part, for an Outreach Advertising Fund to be established for the purpose of the City placing "outreach advertising" or weekly notices of items pertaining to governmental operations in periodicals selected to reflect the diversity in race and sexual orientation of the population of the City. Outreach advertisements include, but are not limited to, information about issues that are being reviewed by the Board of Supervisors and that directly affect the public. Pursuant to Proposition J and in accordance with Section 2.81-2(a) of the Administrative Code, the City is required to withhold 10 percent of the annual amounts paid for the City's Type 1 and Type 2 official advertising and to deposit these monies into the Outreach Advertising Fund.

Comments: 1. Since the passage of Proposition J, approved by the voters in November of 1994, bid prices are only one of several factors evaluated and considered when

determining the designated outreach newspapers. Other factors include (a) the size of the newspaper's circulation area, (b) the newspaper's cost to the public, (c) ownership of the newspaper by a minority-owned, women-owned, or locally-owned business, (d) whether the newspaper is printed in the language of the outreach community, and (e) the newspaper's compliance with all contracting requirements under the City's Charter and the Administrative Code, according to Mr. Mike Ward of the Purchasing Division. Proposition J requires the Purchasing Division to recommend to the Board of Supervisors the newspapers with the highest total point scores in each outreach community.

2. According to Mr. Ward, the Purchasing Division recommends that the Board of Supervisors designate the China Press and El Mensajero to provide outreach advertising for FY 2001-2002. The China Press received the highest score of the three responsive bids from newspapers seeking to provide outreach advertising to the Chinese community. El Mensajero was the only responsive bidder of the three bids from newspapers seeking to provide outreach advertising to the Hispanic/Latino community. In addition to recommending the China Press and El Mensajero, the Purchasing Division suggests that the Board of Supervisors "might want to authorize additional outreach advertising" (see Attachment I, an August 1, 2001 memorandum from Ms. Judith Blackwell of the Purchasing Division to the Clerk of the Board of Supervisors). The Purchasing Division suggests that such additional outreach advertising could be achieved by designating the 11 other newspapers that submitted bids to the Purchasing Division to provide outreach advertising for FY 2001-2002. Attachment II, provided by the Purchasing Division, contains bid data and point calculation information for the 2 newspapers which the Purchasing Division recommends be designated to provide outreach advertising and the 11 other newspapers which the Purchasing Division suggests could be designated by the Board of Supervisors to provide outreach advertising for FY 2001-2002.

3. As noted in Attachment II, 4 of the 13 newspapers seeking to provide outreach advertising submitted bids

that were considered by the Purchasing Division to be responsive. According to Mr. Ward, El Mensajero, serving the Hispanic/Latino community, and the China Press, the Chinese Times, and the Asian Week, all serving the Chinese community, fully comply with all City contracting requirements under the Charter and the Administrative Code and qualify with their responsive bids to be designated to provide for the City's outreach advertising.

4. As noted in Attachment II, 9 of the 13 newspapers seeking to provide outreach advertising submitted bids that were considered to be non-responsive by the Purchasing Division. According to Mr. Ward, these 9 newspapers do not qualify to be designated to provide outreach advertising for the following reasons: (a) Hokubei Mainichi and Mo Magazine do not comply with the requirements of Chapter 12B, pertaining to Equal Benefits requirements of the Administrative Code, and Russian Life does not comply with the requirements of Chapters 12B and 12D, pertaining to the Minority/Women/Local Business Enterprise Utilization requirements of the Administrative Code, (b) the San Francisco Bay View, the Bay Area Reporter and the San Francisco Bay Times are not printed in San Francisco, as required by Administrative Code, Section 2.80-1, (c) El Latino, the San Francisco Spectrum and the San Francisco Bay Times are not published weekly, as required by Administrative Code, Section 2.80-1, and (d) El Reportero, the San Francisco Spectrum and Hokubei Mainichi submitted their bids late.

5. According to Mr. Ted Lakey of the City Attorney's Office, the Board of Supervisors is authorized to and has previously designated newspapers to provide outreach advertising even though such newspapers do not comply with all contracting requirements under the City's Charter and the Administrative Code.

6. The following seven newspapers were designated as outreach advertising newspapers for FY 2000-2001: El Reportero and El Latino for the Hispanic/Latino community; the Chinese Times and Asian Week for the Chinese community; the San Francisco Bay View for the African American community; and the San Francisco

Spectrum and the San Francisco Bay Times for the Lesbian/Gay/Bisexual/Transgender community. Mr. Ward notes that the City's contracts with these seven newspapers have been extended on a month-to-month basis since they expired on June 30, 2001.

7. As noted in the attached September 10, 2001 memorandum from Mr. Ward to the Budget Analyst (Attachment III), the estimated cost of outreach advertising for FY 2001-2002 would be $206,067 if the Board of Supervisors were to designate all 13 newspapers which submitted bids to provide outreach advertising and, as stated by Mr. Ward, cost projections were based on actual expenditures in FY 2000-2001. Attachment IV, provided by the Purchasing Division, includes the following: (a) an outreach advertising cost estimate of $206,067 for FY 2001-2002, (b) the method of calculation of this estimate, and (c) the reasons for discrepancies in the number of lines of advertising budgeted for each outreach community.

This cost estimate of $206,067 assumes that El Reportero, El Latino, the Asian Week, the Chinese Times, the San Francisco Spectrum, the San Francisco Bay Times, and the San Francisco Bay View, the seven newspapers which were designated as outreach advertising newspapers in FY 2000-2001, publish the same amount of lines of typeset for the City in FY 2001-2002 as they did in FY 2000-2001. Mr. Ward reports that upon reviewing a sample of outreach advertisements placed in FY 2000-2001, the Purchasing Division discovered that four out of these seven designated outreach newspapers in FY 2000-2001 published advertisements that were larger than four inches wide by six inches high, which is the maximum size allowed for an official advertisement according to Section 2.80-1(d) of the Administrative Code. Mr. Ward advises that in some instances, the City was being billed by outreach newspapers at a rate different from what was specified in their FY 2000-2001 outreach advertising contracts. According tc Mr. Ward, outreach advertisements that exceeded maximum size and that were not in accordance with the rates specified in their contracts resulted because of inadequate monitoring by City staff and the California Newspaper Service Bureau,

which is the agency responsible for coordinating billing for the outreach newspapers.

8. In Attachment V, the Purchasing Division has provided an alternative cost estimate to provide outreach advertising in FY 2001-2002. As shown in Attachment V, the estimated cost of outreach advertising for FY 2001-2002 would be $142,488 if the Board of Supervisors were to designate all 13 newspapers which submitted bids to provide outreach advertising for the City and cost estimates were "based on the price per ad quoted, and frequency of publication of each of the thirteen newspapers seeking to provide outreach advertising in FY 2001-2002."

This cost estimate of $142,488 assumes that all outreach advertisements placed in the 13 newspapers which submitted bids are uniform in size in that each advertisement would be four inches wide and six inches high and that such advertisements have a minimum font size of 5.5 point type and approximately 500 words.

9. After reviewing the assumptions and calculations used by the Purchasing Division, the Budget Analyst concludes that the two cost estimates of $206,067 and $142,488, a difference of $63,579, provided by the Purchasing Division represents a reasonable range for the cost of outreach advertising in FY 2001-2002. However, variations due to the following could result in either higher or lower actual costs: (a) compliance with the maximum size and contractual rate of each outreach advertisement, (b) the font size and number of words contained in each outreach advertisement, and (c) the actual number of advertisements placed in FY 2001-2002.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

City and County of San Francisco

Willie Lewis Brown, Jr.
Mayor

Purchasing Departmen

Judith A. Blackwe
Directc

August 1, 2001

To: Gloria Young
Clerk of the Board
San Francisco Board of Supervisors

Through: Judith A. Blackwell
Director of Purchasing
Purchasing Department

From: Michael D. Ward
Assistant Director of Purchasing
Purchasing Department

Subject: Designating Official and Outreach Newspapers for FY 2001-2002

The Purchasing Division is writing this letter in response to inquiries from members of the Finance Committee witl regards to the designation of newspapers for official and outreach advertising services for Fiscal Year 2001-2002.

Official Advertising - Type 1 Consecutive Day

Purchasing solicited but did not receive bids for Type 1 Consecutive Day Advertising. However, the San Franciscc Chronicle offered its services to the City at a bulk contract rate of $8.42 per line.

The Chronicle meets the Administrative Code requirements for an official newspaper, including circulation of 50,000 per week, consecutive day publication and is printed in the City. However, the Chronicle is not compliant with Chapter 12B of the Administrative Code.

A sole source contract with the Chronicle is a viable option because this is an instance when no bids were received, there are no qualified newspapers that are in compliance with Chapter 12B and the contract is essential to the City and its residents. With regards to Chapter 12B, the Purchasing Division will request a waiver from the Human Rights Commission.

The following is the estimated advertising costs for Type 1 Consecutive Day Advertising for FY2000-01 and FY2001-2002.

	Examiner FY 2000-2001	Chronicle Offer FY 2001-2002
Cost Per Line	$2.46	$8.42
Estimated annual cost:	$38,890	$133,114
Annual Cost Increase:		$ 94,224
Percent Increase:		243%

Letter to Gloria Young
August 1, 2001
Page 2

The contract rate of $2.46 per line in FY 2000-2001 was based on the Examiner circulation of 108,896, according to the Audit Report of September 30, 1999. The circulation figures for the San Francisco Chronicle for the period ending March 31, 2001 are All Day 527,466 and Sunday 540,074.

The Chronicle's offer of $8.42 per line is a considerable saving off the open non-contract rate of $16.33 per line. A rate of $8.42 per line is the equivalent of a bulk contract rate.

It should be noted that the San Francisco Examiner also expressed interest in providing its services to the City. However, the Examiner is not printed in the city as required by Article IX of the Administrative Code and has no intention of doing so in the foreseeable future. In addition, the Examiner is not compliant with the requirements of Chapter 12B of the Administrative Code.

Appended to this letter, as Exhibit A, is the draft of a resolution authorizing the Purchasing Division to negotiate a sole source contract with the San Francisco Chronicle.

Outreach Advertising

The Purchasing Division solicited bids for outreach advertising and received only four responsive bids - one from the Hispanic community and three from the Chinese community.

Given the number of responsive bids received, only two communities mandated by Proposition J would have outreach advertising coverage in Fiscal Year 2001-2002. In addition, non-Prop. J communities -requested by the Board in Resolution No. 841-00, passed October 2, 2000- would not have outreach advertising coverage. These are the Russian, Southeast Asian, Korean and Filipino communities.

Given that the newspapers submitting responsive bids do not adequately serve all neighborhoods, the Board might want to authorize additional outreach advertising. As proposed, the maximum estimated cost of cost outreach advertising for Fiscal Year 2001-2002 would be $206,067. This amount depends on the number of outreach newspapers that will be authorized by the Board. The total estimated amount that will be available in the Outreach Advertising Fund in Fiscal Year 2001-2002 is $241,392. Should the Board elect to authorize the proposed additional advertising, community coverage would be as follows:

Community	Outreach Newspaper
Hispanic/Latino:	El Mensajero El Latino El Reportero
Chinese	China Press Chinese Times AsianWeek
African American	San Francisco Bay View
Lesbian/Gay/Bi-sexual/Transgender	Spectrum Bay Area Reporter S.F. Bay Times

Community	Outreach Newspaper
Russian	Russian Life
Southeast Asian	Mo Magazine
* Japanese	Hokubei Mainichi

* Not requested by the Board in Resolution No. 841-00.

Appended to this letter, as Exhibit B is the draft of a resolution designating outreach advertising newspapers and authorizing the Purchasing Division to execute contracts with the designated periodicals. The Purchasing Divisio requests that this item be treated as an Amendment of the Whole and calendared for the Finance Committee meeti August 8, 2001.

On file, is a resolution (File No. 01-0867) designating the China Press to be outreach newspaper of the City and C of San Francisco for the Chinese community, and El Mensajero to be outreach newspaper of the City and County San Francisco for the Hispanic community, for outreach advertising for the fiscal year ending June 30, 2002. On 05/30/01, the Finance Committee continued this item. And on 07/18/01, the Committee again continued the item the Call of the Chair.

The Purchasing Division's contact persons for File No. 01-0867 and the proposed Amendment of the Whole, anc official advertising resolution are:

Mike Ward	554-6740
Luis Espinoza	554-6736

Please, advise if the Board needs additional information before the Finance Committee or Full Board meeting. The Purchasing Division looks forward to reviewing this matter with the Board.

Exhibits:

A. Resolution - Official Advertising
B. Resolution – Outreach Advertising

cc Harvey Rose, Budget Analyst

Bid Evaluation
(as per Contract Proposal No. 95305, Sec. 59)
Contract Proposal No. 95305
Outreach Advertising

	Hispanic *			Chinese			African-American	Lesbian/Gay/Bi-sexual/Transgender		
	El Reportero	El Latino	El Mensajero	China Press	Chinese Times	AsianWeek	Bayview	Spectrum	Bay Area Reporter	SF Bay Times
Advertising Price	15.00	13.50	7.50	14.10	15.00	7.65	15.00	15.00	3.90	2.40
Circulation	5.70	2.80	10.00	10.00	3.60	8.20	10.00	1.90	10.00	5.50
Newspaper Cost to Public	5	5	5	0	0	5	5	5	5	5
Local/Minority/Woman Ownership (Prop. J)										
Locally Owned/Operated	2	2	2	0	2	2	2		2	2
Minority Ownership	2	2	2	2	2	2	2		0	0
Women-Owned		2	0	0	0	2			0	2
Foreign Language Publication	5	5	5	5	5	0	0	0	0	0
MBE/WBE/LBE Chap. 12D	3.47	3.23	0	0	0	0	3.40	0	0	0
TOTAL POINT SCORE	36.17	35.53	31.50	31.10	27.60	20.05	37.40	21.90	20.90	16.90
Bid Status:	Non-responsive Late bid: Received 5/1/01	Non-responsive: publish bi-week	Responsive	Responsive	Responsive	Responsive	Non-responsive: not printed in S.F.	Non-responsive: Late Bid: 5/2/01 publish monthly	Non-responsive: not printed in S.F.	Non-responsive: not printed in S.F. publish bi-week
	Complies with Chap. 12B & D	Complies with Chap. 12B & D	Complies with Chap. 12B & D	Complies with Chap. 12B & D	Complies with Chap. 12B & D	Complies with Chap. 12B & D		Complies with Chap. 12B & D	Complies with Chap. 12B & D	Complies with Chap. 12B & D
On Contract for FY 2000-01 Estimated Expenditures	yes $26,614	yes $10,160			yes $7,292	yes $24,576	yes $6,040	yes $9,552		yes $24,263

* Responsive and non-responsive bids are evaluated for the purpose of ranking bids for the Hispanic community

Source: Purchasing Division

Bid Evaluation
(As per Contract Proposal No. 95305, Sec. 59)
Contract Proposal No. 95305
Outreach Advertising
Bids for Non-Prop. J Communities

	Japanese	Vietnamese	Russian
	Hokubei Mainichi	Mo Magazine	Russian Life
Advertising Price	15.00	15.00	15.00
Circulation	10.00	10.00	10.00
Newspaper Cost to Public	0	0	0
Local/Minority/Woman Ownership (Prop. J)			
Locally Owned/Operated		2	2
Minority Ownership		2	0
Woman-Owned		0	0
Foreign Language Publication	5	5	5
MBE/WBE/LBE Chap. 12D	0	0	0
TOTAL POINT SCORE	30.00	34.00	32.00
Bid Status:	Non-responsive Late Bid: received 4/23/01 Incomplete Bid	Non-responsive	Non-responsive: Incomplete Bid
	Not compliant: Chap. 12B	Not compliant Chap. 12 B	Not compliant Chap 12B & D

These communities are not included as "Outreach Communities" in Section 2.80-1 (b) of the Administrative Code. However, in response to the wish expressed by the Board in Resolution No. 841-00, passed October 2, 2000, Purchasing sent invitations to bid to newspapers in the Russian, South East Asian, Korean and Filipino communities.

City and County of San Francisco — Office of Contract Administration

Willie Lewis Brown, Jr.
Mayor

Judith A. Blackwell
Director

Purchasing Division

September 10, 2001

TO: Anna Weinstein
Budget Analyst's Office
San Francisco Board of Supervisors

THROUGH: Judith A. Blackwell
Director
Office of Contract Administration

FROM: Michael D. Ward
Assistant Director of Purchasing
Office of Contract Administration

RE: Official and Outreach Advertising Contracts

I am pleased to respond to the questions contained in your email, dated August 22, 2001, regarding the City's official and outreach advertising contracts. Following, is a point by point response to each of your questions. Supporting documentation is provided where appropriate.

OFFICIAL ADVERTISING

On March 31, 2001, the Office of Contract Administration – Purchasing Division published an invitation to bid for Type 1 Consecutive Day Official Advertising. Bids were due April 20, 2001 and no bids were received in response to this solicitation.

1. On May 2, 2001, the Purchasing Division received a letter from the San Francisco Examiner expressing interest in providing advertising services to the City, at a rate of $7.13 per line for FY 2001-2002. A copy of this letter is appended to this memorandum, as Exhibit A. This letter was in reply to an inquiry by the Purchasing Division and is not a formal bid in response to an invitation to bid.

   On May 3, 2001, the Purchasing Division received a letter from the San Francisco Chronicle indicating their willingness to extend to the City a bulk rate contract for advertising services, at a rate of $8.42 per line for FY 2001-2002. A copy of this letter is appended to this memorandum, as Exhibit B. This letter was in reply to an inquiry by the Purchasing Division and is not a formal bid in response to an invitation to bid.

2. The "old" S.F. Examiner's contract rate for FY 2000-2001 was $2.46 per line. This is in reference to the Examiner that was owned and published by the Hearst Corporation.

3. On November 21, 2000, the Purchasing Division received a letter from Mr. James L. Clancy, Vice President Finance and Chief Financial Officer of the San Francisco Newspaper Agency, agent of the San Francisco Examiner, stating that due to the purchase of the Examiner by ExIn, LLC, beginning

Letter to Anna Weinstein
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November 22, 2000, the Hearst Corporation had no legal authority to publish the Examiner. In addition, Mr. Clancy indicated that any future advertising with the Examiner would have to be negotiated with the ExIn, LLC directly.. A copy of this letter is appended as Exhibit C.

Following, the Purchasing Division had numerous conversations with Mr. Bob Haddad, Vice Preside of Circulation of the Examiner and the Examiner's General Counsel, to clarify matters relating to the contract and to convey the City's desire to resolve the matter expeditiously. In addition, the Purchasing Division provided ExIn, LLC and its General Counsel with documents relating to the contract. On December 19, 2000, the Purchasing Division sent a letter to Mr. Haddad urging the Examiner to finalize their decision to honor the terms and conditions of the "old" Examiner's contrac

On January 2, 2001, the Purchasing Division received a letter from Mr. Peter Herschberger, Vice President of Sales and Marketing for the Examiner, stating that the Examiner would agree to provide publication service for the City's advertisements under certain adjustments to the contract. A copy of this letter is appended to this memorandum as Exhibit D. Among other things, this letter stated that the "San Francisco Examiner is not printed within the limits of the City and County of San Francisco nor does it have plans to begin such printing in the foreseeable future." This was a matter of great concern to the Purchasing Division because Chapter IX, Section 2.80-1 (a) of the Administrative Cod requires that the city's official newspaper be printed in the City and County of San Francisco.

Subsequently, the Purchasing Division requested the City Attorney's opinion regarding the requirement to print in the City. On January 9, 2001, the City Attorney responded: **"The answer is clear – the Examiner cannot continue to be the official newspaper if it doesn't publish in S.F. There is no way to get around this, unless the Board wants to amend the law."** The law referenced by the City Attorney is Proposition J, passed by the voters in November 1994 and incorporated in the Administrative Code as Article IX: Official Newspaper (s) – relevant part is Section 2.80-1 (a) "Official Newspaper".

The Purchasing Division checked with the Office of the Clerk of Board of Supervisors and was advised that consecutive day official advertising was not used extensively by the Board and the was no need identified for this service in the balance of the fiscal year. In consultation with the Purchasing Division, the Office of the Clerk of the Board decided that, to the extent possible, it would use the Independent as an alternate for publishing the city's official notices. Immediatel the Purchasing Division began to develop the new bid for official advertising scheduled for publication in March 2001.

4. Circulation: Examiner, Chronicle and San Jose Mercury News:

	San Francisco Circulation		Total Circulation	
	All Days	Sunday	All Days	Sunday
Examiner *	35,000	35,000	52,000	52,000
Chronicle	128,935	122,197	530,125	551,286
San Jose Mercury	4,200	3,200	292,000	332,000

Letter to Anna Weinstein
Budget Analyst's Office
Page 3

Sources: Chronicle – ABC Publisher's Interim Statement (audited) for 13 weeks ended 12/31/00
Examiner – Examiner's circulation department

* It should be noted that the Examiner has not been published on Saturdays since November 22, 2000.

5. Price Per Line: Examiner, Chronicle and San Jose Mercury News:

	Per Line Rate Non-Contract	Per Line Rate Contract
Examiner	$8.30	$7.13
Chronicle	$16.33	$8.42
San Jose Mercury News *	No quote	No quote

* The San Jose Mercury News would not provide a price quote. The reason stated is that the San Jose Mercury News does not qualify for this contract because it is not printed in the City of San Francisco nor is it adjudicated as a newspaper of general circulation for the City of San Francisco. A copy of the letter from the San Jose Mercury News is appended to this memorandum as Exhibit E.

6. The Purchasing Division presented the Chronicle as a "viable option". If it is the preference of the Budget Analyst that we use the terminology "recommendation", in the future, to avoid confusion, we will make certain to do so.

The Budget Analyst's report, dated August 16, 2001, aptly captures the intent of the Purchasing Division with regards to the resolution that was introduced for Type 1 consecutive day official advertising:

> "The Purchasing Division suggests that the proposed sole source contract with the Chronicle is a viable option because, as stated in the attached memorandum from the Purchasing Division, (a) this is an instance when no bids were received, (b) there are no other qualified newspapers that are in compliance with Chapter 12B and (c) having a Type 1 official advertising newspaper is essential to the City and its residents."

The Purchasing Division believes that Chapter 12B of the Administrative Code, Sec.12B.5-1 (d) (1) pertaining to non-applicability, exceptions and waivers provides for a sole source contract in this case.

Moreover, it should be noted that the City has only two major dailies that can compete for Type 1 consecutive day official advertising – the Chronicle and the Examiner. The San Francisco Examiner does not meet Prop J requirements that the official newspaper must be printed in the City and County of San Francisco. In addition, the Examiner is not compliant with Chapter 12B of the Administrative Code pertaining to equal benefits. Furthermore, the Examiner is not published on Saturdays, which limits the newspaper's ability to publish the city's Type 1 consecutive day official ads.

Letter to Anna Weinstein
Budget Analyst's Office
Page 4

Again, we highlight that the opinion of the City Attorney is: "The answer is clear - the Examiner cannot continue to be the official newspaper if it doesn't publish in S.F. There is no way to ge around this, unless the Board wants to amend the law." The law referenced by the City Attorne is Proposition J, passed by the voters in November 1994 and incorporated in the Administrative Code, Article IX: Official Newspaper (s) – relevant part is Section 2.80-1 (a) "Official Newspaper".

With regards to the San Francisco Chronicle, this newspaper meets all Prop J requirements prescrib in the Administrative Code for the City's official newspaper, however, the Chronicle is not complia with Chapter 12B of the Administrative Code.

The Purchasing Division believes that given the limitations of the Examiner, the City Attorney's opinion and applicable Chapter 12B regulations, there is only one viable option available to the City for Type 1 consecutive day official advertising – the San Francisco Chronicle.

OUTREACH ADVERTISING

1. The Purchasing Division had two alternatives for estimating the cost of outreach advertising for FY 2001-2002. One was to prepare an estimate based on actual expenditures in FY 2000-2001. The other was to prepare a cost estimate based on the price per sample advertising submitted by each newspap along with its bid.

   Based on the former analysis the projected cost for thirteen newspapers in FY 2001-2002 is $206,06 This was based on a price per line calculation over 12 months. We then adjusted for a planned 9-month usage for a projected total of $153,500.

   We then obtained sample copies of advertising and noticed that these were based, in large part, on the following:
      a. Ads exceeding the 4" x 6" ad size required by the City
      b. Different type sizes and column widths
      c. Some prices are not as specified in outreach advertising contracts

   See, Exhibit F containing copies of actual ads published by outreach newspapers in FY 2000-2001.

   At the request of the Board, we also performed a different analysis of projected costs based on the bi only, taking into account:
      a. cost of the ad, based on price per line and number of lines per ad
      b. translation costs, where applicable
      c. number of ads that will be published by each newspaper in FY 2001-2002

   Surprisingly, the projected cost for thirteen newspapers, for FY 2001-2002 for twelve months under this new analysis is $142,488, or $98,694 for nine months. See Exhibit G, containing a copy of these two budgets.

   You also requested an explanation of the estimate cost of outreach advertising in FY 2001-2002. Our reply to this question is appended as Exhibit H

Letter to Anna Weinstein
Budget Analyst's Office
Page 5

2. A survey conducted by the Purchasing Division, during the week of August 27, 2001, shows that departments do both place ads through the Clerk of the Board of Supervisors and place ads going directly to the outreach advertising newspapers. With regards to payments, departments responded that payment for ads placed directly to the outreach advertising newspapers is through the departments' own budget, and does not ever impact the outreach advertising fund.

   The California Newspaper Service Bureau (CNSB) – the agency responsible for coordinating billing for the outreach newspapers - indicated that they maintain two separate accounts for outreach advertising. One is for the weekly ad placed by the Clerk of the Board of Supervisors and the other is for ads placed by departments directly to outreach newspapers.

   The CNSB further stated that invoices for ads placed by departments are sent to the department placing the ad. Adding that all payments for the Board of Supervisors' weekly outreach advertising are subject to the approval of the Office of the Clerk of the Board.

   With regards to payments, the Office of the Clerk of the Board indicated to the Purchasing Division that they approve payments for the Board's weekly ad only.

   Source: Survey of departments conducted by the Office of Contract Administration, 08/27/01
   California Newspaper Service Bureau

Please, see Exhibits I through M, responding to other questions in your email (Outreach Advertising, Nos. 2 through 6).

We trust this memorandum answered all of your concerns. If you have additional questions or need more information, email or contact me at 554-6740.

cc: Harvey Rose, Budget Analyst
Gloria Young, Clerk of the Board of Supervisors

Outreach Advertising Services Estimated Cost Fiscal Year 2001-2002				
	Ave. No. Lines FY 2000-01	Bid Price Per Line	Estimated Cost for FY 2001-02	
Hispanic				
El Reportero	18,009	1.60	$28,814	
El Latino	9,244	1.50	$13,866	
El Mensajero	13,627*	2.45	$33,387	New Contract
Chinese				
China Press	9,012**	1.88	$16,943	New Contract
AsianWeek	14,124	2.03	$28,672	
Chinese Times	3,900	1.87	$7,292	
Gay/Lesbian/Bi-sex/Transgender				
Spectrum	4,776	2.00	$9,552	
Bay Reporter	5,459***	1.88	$10,263	New Contract
S.F. Bay Times	6,142	3.95	$24,263	
African American				
San Francisco Bay View	3,897	1.80	$7,015	
Vietnamese				
Mo Magazine	****		$3,744	New Contract
Russian				
Russian Life	****		$3,536	New Contract
Japanese				
Hokubei Mainichi	****		$18,720	New Contract
Total All Communities			$206,067	

* The average number of lines used is the average for the Hispanic community.

** The average number of lines used is the average for the Chinese community.

*** The average number of lines used is the average for the Gay/Lesbian/Bi-sexual/Transgender community

**** Calculation is based on the quoted cost per ad x 52 ads per year

Source: Purchasing Division

Exhibit H

The Purchasing Division derived the estimated costs contained in the budget report entitled Outreach Advertising Services. Estimated Cost. Fiscal Year 2001-2002 according to the following methodology:

Newspaper on contract for FY 2000-2001 (El Latino. El Reportero. Chinese Times. Asian Week. Bay View. Spectrum and S.F. Bay Times):

1. **Estimated Expenditures.** Obtained actual expenditures for ten months in FY 2000-2001, from the California Newspaper Service Bureau. These figures were projected over a twelve-month period.
2. **Price Per Line.** Obtained the price per line charged by each outreach newspaper. This data was taken from the bids submitted in FY 2000-2001 by each newspaper.
3. **Estimated Number of Lines in FY 2000-2001.** Divided the estimated expenditures in FY 2000-2001 by the price per line charged by each newspaper, to arrive at the estimated number of lines in FY2000-2001.
4. **Estimated Cost in FY 2001-2002.** Multiplied the estimated number of lines in FY 2000-2001 times the price per line quoted in the bid for FY 2001-2002.

Other bidders for the Hispanic, Chinese and Gay/Lesbian/Bi-sexual/Transgender communities (El Mensajero, China Press and Bay Area Reporter):

1. **Estimated the Average Number of Lines for Each Community.** Calculated the average number of lines for each community, based on FY2000-2001 data. This established a bench mark number of lines for each community.
2. **Estimated Cost.** Multiplied the average number of lines for each community by the cost per line quoted for FY 2001-2002 by each of the three newspapers seeking outreach advertising for these communities (El Mensajero, China Press and Bay Area Reporter).

Newspapers bidding for the Japanese. Vietnamese and Russian communities (Hokubei Mainichi, Mo Magazine and Russian Life):

1. **Estimated Cost in FY 2001-2002.** Estimates were based on the price per ad times the total number of ads to be published in FY 2001-2002. Calculation was approached this way because there is no benchmark number of lines for the Japanese, Vietnamese and Russian communities in FY 2000-2001.

Exhibit I

Reasons for a discrepancy in the number of lines budgeted for each outreach community

a. Only a few newspapers stay in or near the 4" x 6" size requirement for outreach advertising. Many use more space. See Exhibit F containing copies of actual ads published by outreach newspapers in FY 2000-01

b. Variation in frequency of publication – some newspapers are published weekly, others bi-weekly and others monthly. See Exhibit K containing frequency of publication for each of the thirteen newspapers seeking outreach advertising in FY 2001-2002.

c. Variations in typesetting – here the key factors to consider are type size and column width. Type size and column widths vary with each newspaper. These two factors then reflect on the number of lines per ad.

d. Translation cost - outreach newspapers for the Hispanic and Chinese communities are paid for translating ads, which is in addition to publication costs. The figures provided to the Purchasing Division did not segregate translation costs from the cost of the outreach notice. So, our calculations for these two communities were based on inflated figures resulting in a higher number of lines.

City and County of San Francisco
Willie Lewis Brown, Jr.
Mayor

Purchasing Department
Judith A. Blackwell
Director

September 18, 2001

TO: Anna Weinstein
Budget Analysts Office

FROM: Mike Ward
Assistant Director of Purchasing
Office of Contract Administration

RE: Outreach Advertising Budget Projection FY 2001-2002

In response to your request, this memorandum will provide you with an explanation of the Outreach Advertising Budget Projections - FY 2001-2002, which was appended to my memorandum of September 10, 2001 as Exhibit G.

The information used for such budget projections was taken from the bid submitted by each the thirteen newspapers seeking to provide outreach advertising in FY 2001-2002. The date taken from these bids are name of newspaper, community, frequency of publication of each newspaper, cost of advertising notice, cost of translating notice, total cost per ad. This information was used to perform calculations for the budget projections.

The ad required by the bid is according to the following specifications:
1. advertisement no larger than 4" wide by 6" high, as required by Administrative Code, ArticleIX, Section2.80-1 (d).
2. advertisement set at no smaller than 5 ½ point type
3. 500 word ad

The budget projections were prepared by taking the cost of notice and multiplying by the number of ads that will be published in FY 2001-2002, by each newspaper. The number of ads is determined by the frequency of publication of each newspaper. A translation cost was added to the cost of notice, for those newspapers serving the Chinese, Hispanic, Southeast Asian, and Russian communities, which are published in the native language of those communities. The Japanese newspaper does not charge a fee for translation. Total cost in FY 2001-2002 was derived by adding the cost each of the thirteen newsapers.

The advantage of this approach to preparing these budget projections is that it is based on the price per ad quoted, and frequency of publication of each of the thirteen newspapers seeking to provide outreach advertising in FY 2001-2002. The reliability of this budget is predicated on ensuring compliance with prices quoted, correct invoicing, and adherence to the required contract specifications by each of the newspapers that will be designated by the Board.

City Hall, Room 430 1 Dr. Carlton B. Goodlett Place Tel. (415) 554-6743 Fax (415) 554-6717 San Francisco CA 94102-4685
Home Page: www.ci.sf.ca.us/purchase/ Recycled paper E-mail: Purchasing@ci.sf.ca.us

OUTREACH ADVERTISING
BUDGET PROJECTIONS
FY 2001-2002

Newspaper	Community	Frequency of Publication	Cost Notice Only	Cost Translation	Total Cost Per Ad	No. of Ads In 12 Months	Total Cost 12 Months
El Reportero	Hispanic	1x per week	$ 210.00	$. 150.00	$ 360.00	52	$ 18,720.00
El Latino	Hispanic	2x per month	$ 234.00	$ 150.00	$ 384.00	26	$ 9,984.00
El Mensajero	Hispanic	1x per week	$ 426.00	$ 35.00	$ 461.00	52	$ 23,972.00
China Press	Chinese	6x per week	$ 90.00	$ 50.00	$ 140.00	52	$ 7,280.00
Chinese Times	Chinese	6x per week	$ 84.00	$ 40.00	$ 124.00	52	$ 6,448.00
Asian Week	Chinese	1x per week	$ 166.00		$ 166.00	52	$ 8,632.00
S.F. Bay View	African American	1x per week	$ 169.00		$ 169.00	52	$ 8,788.00
Spectrum	Gay/Lesb/Bi-sex/Trans	1x per month	$ 70.00		$ 70.00	12	$ 840.00
Bay Area Reporter	Gay/Lesb/Bi-sex/Trans	1x per week	$ 278.00		$ 278.00	52	$ 14,456.00
S.F. Bay Times	Gay/Lesb/Bi-sex/Trans	Bi-weekly	$ 426.00		$ 426.00	26	$ 11,076.00
Hokubei Mainichi	Japanese	5x per week	$ 360.00		$ 360.00	52	$ 18,720.00
Mo Magazine	Southeast Asian	1x per week	$ 68.00	$ 85.00	$ 153.00	52	$ 7,956.00
Russian Life	Russian	1x per week	$ 72.00	$ 36.00	$ 108.00	52	$ 5,616.00
TOTAL							$ 142,488.00

Source of Data: Bids for FY2001-2002

Items 4 and 5-Files 01-1579 and 01-1564

Departments: Department of Administrative Services, Real Estate Division (RED)
Department of the Environment

Items: File No. 01-1579
Resolution authorizing an amendment to an existing lease in order to provide an additional 2,362 square feet at 11 Grove Street for the Department of Environment.

File No. 01-1564
Hearing to consider release of reserved funds in the amount of $46,971 to fund the expansion of leased space at 11 Grove Street.

Location: First floor of 11 Grove Street (also commonly known as 1212 Market Street)

Purpose of Lease: To provide the Department of the Environment with an additional 2,362 square feet of office space.

Lessor: Yully Company, LLC

Lessee: City and County of San Francisco on behalf of the Department of the Environment

No. of Sq. Ft. and Rental Cost To The City: 2,362 square feet at $6,495.50 per month, or $2.75 per square foot, totaling $77,946 annually.

Annual Increases to the Base Rent: Rent will be increased originally based on the percentage change in the Building Owners and Managers Association Experience Exchange Report (BOMA) for "San Francisco, Downtown Buildings between 50,000 and 99,999 sq. ft." from the prior year on a rent per square foot basis with 2000 as the base year. The first such adjustment will be made one year after the start of the proposed lease (see Comment No. 6).

Term of Lease: The anticipated term of the lease is from November 1, 2001 (based on the estimated completion of tenant improvements) through June 30, 2004 (32 months).

Right of Renewal:	One one-year option to extend, consistent with the lease extension option in the original lease. Rent for the extension term would be consistent with the annual percentage increase in the Consumer Price Index (CPI).
Utilities:	Landlord is responsible for utilities.
Janitorial Services:	Landlord is responsible for janitorial services.
Tenant Improvements:	The Landlord would provide $13,000 in tenant improvements. The City would provide an additional $31,240 in tenant improvements for total tenant improvements of $44,240. (See Comment No. 4.)
Source of Funds:	According to Mr. David Assmann of the Department of the Environment, the source of funds is (1) the $46,971 proposed release of funds on reserve (File No. 01-1564) from a $7,800,000 California Public Utilities Commission grant in the Department's FY 2001-2002 budget and (2) $40,236 already included in the FY 2001-2002 Department of the Environment budget for Rent from a $13,000,000 State grant for the Environmental Health and Energy (EHE) Initiative (see Comment No. 5).

Description:

File No. 01-1579

The proposed lease amendment would expand the existing space that the Department of the Environment leases at 11 Grove Street (also known as 1212 Market Street) by 2,362 square feet from 4,263 total square feet to 6,625 square feet. Currently, the Department of the Environment leases: (a) 2,069 square feet on the ground floor for an EcoCenter[1] (b) 1,694 square feet on the first floor for office space and (c) 500 square feet in the basement for bicycle storage. The proposed lease amendment would expand the office space at 11 Grove Street by 2,362 square feet from 1,694 to 4,056 square feet, an increase of over 139 percent. The proposed lease amendment would expand the total space leased by

[1] The EcoCenter provides public education and outreach on local environmental issues, in accordance with the Department of the Environment's Charter mandate. The EcoCenter includes educational displays, a library of environmental documents and computer kiosks available to the public for research. It also houses the Resource Efficient Building pilot program, which demonstrates the use of environmentally-sound building materials, such as non-toxic paints and energy-efficient lighting.

the Department of the Environment at 11 Grove Street by 2,362 square feet from 4,263 square feet to 6,625 square feet, an increase of over 55 percent.

According to Mr. Assmann, the proposed lease amendment would provide office space for 10 Department of the Environment employees and one San Francisco Public Utilities Commission employee. Such employees would be working on programs related to two recent Department of the Environment grants: (1) $7,800,000 from the California Public Utilities Commission for the "Power Boosters Program," a State grant approved by the Board of Supervisors in August 2001 (File No. 01-1431) and (2) $13,000,000 in State grant funds for the Environmental Health and Energy (EHE) Initiative approved by the Board of Supervisors in May 2001 (File No. 01-0257).

The proposed lease amendment would provide office space for employees hired for the two grant programs. According to Mr. Assmann, the "Power Boosters Program" is designed to help small business owners improve energy efficiency and thus reduce energy costs. The program will provide small businesses with energy efficiency audits free of charge, and for a fee, provide a range of technical services. Small business owners will receive partial rebates and subsidies on the purchase and installation of new equipment as part of the program. Mr. Assmann advises that the Department of the Environment is in the process of hiring the four new employees under this State grant program who would occupy the proposed additional office space. In addition, three existing Department of the Environment employees would work on this grant program in the proposed additional space as well as one existing employee of the Public Utilities Commission.

The second State grant of $13,000,000 is for the Environmental Health and Energy (EHE) Initiative. Mr. Assmann advises that the EHE Initiative is a program that provides grants to community organizations to address environmental health and energy issues in the Bayview Hunters Point and Potrero Hill neighborhoods. Mr. Assmann advises that the goal of the EHE Initiative is to improve the quality of life of the residents of the Bayview Hunters Point and Potrero Hill communities. The EHE

Initiative proposes to address the environmental and economic disparities in the Bayview Hunters Point and Potrero communities by training and employing residents to conduct assessments and implement programs in the areas of environmental health and energy. The EHE will provide funds to 13 grantees including Hetch Hetchy, the Department of Public Health, nine nonprofit organizations and two for-profit firms (M. Cubed and Tetra Tech). Mr. Assmann advises that three new employees have already been hired with the EHE Initiative grant funds. They will ultimately work in the office space to be provided under the proposed lease amendment but are currently working in a conference room that has been temporarily converted to office space at 11 Grove Street.

<u>File No. 01-1564</u>

The requested $46,971 release of reserved funds would provide part of the funds for the payment of rent at 11 Grove Street under the proposed lease amendment (File No. 01-1579). Mr. Assmann advises that such funds are part of the $7,800,000 California Public Utilities Commission grant. In August 2001 when the Board of Supervisors approved the grant, the Department of the Environment had anticipated leasing additional space at 11 Grove Street but had not yet negotiated the lease. Therefore, the Board of Supervisors had placed the $46,971 on reserve at that time.

Comments:

1. Mr. Assmann advises that the Department of the Environment currently has 17 employees (14 staff and three interns) at 11 Grove Street. Eleven of the staff members and the three interns are housed in the existing first floor 1,694 square feet of office space resulting in 121 square feet per employee. Mr. Assmann advises that the remaining three employees were just recently hired for the EHE Initiative and are currently working in a ground floor conference room that was temporarily converted to office space. The proposed 2,362 square feet of additional office space will house the following employees: (1) the three employees working in the conference room (2) three existing employees working in the existing office space (3) four grant-funded employees who will be hired in the near future and (4) one San Francisco Public Utilities Commission employee, currently working out of the offices

of the Public Utilities Commission, who is on loan to the Department of the Environment. The result will be 11 employees in the proposed additional 2,362 square feet of space, providing approximately 215 square feet per employee. The proposed lease amendment would bring the total Department of the Environment office space at 11 Grove Street to 4,056 square feet, or 162 square feet for each of the 25 employees including the new State grant-funded employees (21 Department of the Environment staff, 3 Department of the Environment interns, and one San Francisco Public Utilities employee). According to Mr. Charlie Dunn of the Real Estate Division, the above square footage per employee is consistent with the City's standard of space per employee.

2. Mr. Dunn advises that under the existing 11 Grove Street lease, which began July 1, 2000, the City pays $10,047 monthly for 3,763 square feet of retail and office space at 11 Grove Street, at a monthly rate of approximately $2.67 per square foot plus $513 monthly for 500 square feet of bicycle storage space. The total of 4,263 square feet results in a monthly rental cost of $10,560 monthly or $126,720 annually. Under the proposed lease amendment, the City would pay $2.75 per square foot for the additional 2,362 square feet of office space resulting in $6,495.50 in additional monthly rent or additional annual rent of $77,946. Therefore, approval of this lease amendment would result in total monthly rent of $17,055.50 or $204,666 annually, an increase of $77,946 annually or approximately 62 percent.

Mr. Dunn advises that the proposed monthly rental rate of $2.75 represents the fair market value based on the lease term and the tenant improvement allowance. He further advises that while commercial real estate South of Market has been significantly affected by the economic downturn, Civic Center was less affected and current rents still range from $2.50 per square foot per month to $3.75 per square foot per month, depending upon the amount of space leased and the lease term. Mr. Dunn advises that $2.75 per square foot per month was the best rate the Real Estate Division was able to negotiate given that the proposed lease amendment (1) is a relatively short-term lease (2) provides for a relatively small amount of space and (3) the lease

provisions include a $13,000 allowance from the Landlord for tenant improvements.

3. The term of the proposed lease amendment is 32 months, anticipated to begin on November 1, 2001 and end on June 30, 2004, with a one-year option to extend. Mr. Assmann advises that the $7,800,000 Power Boosters grant is a 23-month grant, scheduled to end June 30, 2003, meaning that it will expire one year before the proposed lease amendment expires. Mr. Assmann believes that it is very likely that the California Public Utilities Commission will extend the grant beyond June 30, 2003. However, should the grant not be extended, Mr. Assmann advises that the Department would use the office space for four employees of other Department programs that are currently located offsite. Such programs would likely include the Solid Waste Management Program and possibly the Clean Air Program. Mr. Assmann advises that the rent would be paid from the Solid Waste Management Program's budget. Mr. Assmann further advises that any remaining difference would be paid from EHE Initiative grant funds.

The $13,000,000 grant for the EHE Initiative is for the period from July 2001 through June 2004 consistent with the term of the proposed lease amendment, excluding the one-year extension option.

4. The proposed resolution stipulates that the City will provide up to $20,000 for tenant improvements to 11 Grove Street in addition to $13,000 that will be provided by the Landlord for such improvements, for a total of $33,000. Mr. Assmann advises, however, that the Department's original estimate of $33,000 for the total cost of the improvements was low and has since been revised to $44,240, of which the Landlord would still pay $13,000 and the City would pay the remaining balance of up to $31,240. Therefore, Mr. Assmann advises that the Department has requested that the proposed resolution be amended accordingly. Mr. Assmann further advises that approximately half of the proposed 2,362 square feet is unfinished and that the tenant improvements will include finishing and installing walls, installing flooring, and painting. The Attachment, provided by the Department, is a line-item budget of the proposed tenant improvements totaling $44,240.

5. Rent for the proposed 2,362 square feet would total \$51,964 for FY 2001-2002 (\$6,495.50 per month for the eight months from November 1, 2001 through June 30, 2002). Combined with the Department's cost of \$31,240 in tenant improvements, the total cost to the City for rent and improvements in FY 2001-2002 would be \$83,204. In addition to these costs, the Department of the Environment would pay the Real Estate Division \$4,000 for the services provided related to the proposed lease amendment, bringing total costs to \$87,204. Mr. Assmann advises that such costs would be paid from the requested \$46,971 release of reserved State grant funds in the Department's FY 2001-2002 budget and \$40,236 available within the Department's budget from the State Environmental Health and Energy Initiative grant for an available total of \$87,207.

6. Mr. Dunn advises that the BOMA report provides data from an annual survey of San Francisco building owners' operating expenses and fixed costs. Mr. Dunn explains that annual adjustments to the base rent will approximate annual percentage increases in the BOMA data. Mr. Dunn advises neither the proposed lease amendment nor the existing lease include a limit on annual increases to the base rent. Mr. Dunn advises that for the existing lease at 11 Grove Street, the Landlord has not yet notified the City of the first rent increase based on BOMA data. Mr. Dunn further advises that 1999 BOMA data serves as the base for adjustments in the original lease and that 2000 data will serve as the base for annual adjustments to the proposed lease.

Mr. Dunn also informs that, because the Landlord will pay for operating expenses (i.e., utilities and janitorial services) instead of the City, that the BOMA report index is a more objective measure for determining annual increases instead of a passthrough of the Landlord's actual costs, since the BOMA report is based on an average of such costs by a large number of office buildings.

7. While the proposed legislation allows the Department of the Environment to accept donations of materials and supplies for the construction of tenant improvements, Mr.

Assmann advises that the Department's schedule for completing tenant improvements and moving in may not allow sufficient time to request such donations.

Recommendations: (1) In accordance with Comment No. 4, amend the proposed resolution as follows: on page 1, lines 21, 22, and 23, delete the following sentence: "*The City shall pay for the amount of tenant improvements which exceeds $13,000 up to a limit of $20,000 for the construction of tenant improvements.*" In its place, add "*The Landlord shall pay for $13,000 in tenant improvements and the City shall pay up to but not exceeding $31,240 in tenant improvements for total tenant improvements up to but not exceeding $44,240.*" Approve the proposed resolution, as amended.

(2) Approve the requested release of reserved funds in the amount of $46,971.

Concept Phase Estimate
SFE Renovation

	Material		Material	Labor		Labor		
	Unit	Price	Amount	Unit	Price	Amount	Subtotals	Totals
Architectural Design & Coordination						$3,100	$3,100	
HVAC Design						$1,500	$1,500	
Electrical Design						$1,500	$1,500	
							$6,100	$6,100
HVAC Installation			$2,000			$1,500	$3,500	
Electrical Wiring Installation			$3,000			$1,500	$4,500	
General Lighting $2400+$4(	16	$300	$4,800	16	$50	$800	$5,600	
Dimming Controls	12	$150	$1,800				$1,800	
Telephone						$2,500	$2,500	
Network						$1,600	$1,600	
Remove Carpet						$400	$400	
Carpet	220	$30	$6,600	220	$5	$1,100	$7,700	
Carpet Pad	220	$4	$880				$880	
Office walls & door			$1,500			$1,000	$2,500	
Sheetrock			$1,000			$1,000	$2,000	
Paint Walls			$100			$300	$400	
Paint Ceiling			$100			$300	$400	
Windows	2	$800	$1,600	2	$300	$600	$2,200	
Level Floor			$200	6	$50	$300	$500	
Exit Sign			$50			$50	$100	
Move Sink			$100			$860	$960	
Move Cabinets						$100	$100	
Permit						$500	$500	
							$38,140	
								$38,140
							TOTAL	$44,240

Item 6 – File 01-1394

Department:	Airport
Item:	Resolution concurring with the Controller's certification that Airport Information Booth Services at San Francisco International Airport can continue to be practically performed by a private contractor at a lower cost than if work were performed by City and County employees.
Services to be Performed:	Airport Information Booth Services
Description:	The Airport Information Booth Services Program, which is operated daily from 8 a.m. to 12 midnight, was established by the Airport in 1990 to provide centralized locations for the purpose of (a) providing information to air passengers regarding Airport facilities and services, available ground transportation services, regional hotel accommodations, and visitor services and events, and (b) selling transit passes for regional public transportation systems to employees and MUNI passports to visitors. Currently, the Airport has a total of six information booths on the Arrival Levels in three of the terminals at the Airport. There are two booths in the North Terminal, two booths in the South Terminal, and two booths in the new International Terminal. According to Ms. Alice Sgourakis of the Airport, the old International Terminal (currently the Central Terminal) previously housed one information booth, but that booth was closed in the Fall of 2000 so that the Central Terminal could be renovated. Ms. Sgourakis advises that after the renovation is complete in the Spring of 2003, the Airport will re-open the information booth in the Central Terminal.

Polaris Research and Development, Inc. (Polaris), a private contractor, has provided information booth services to the Airport since the establishment of the program in 1990.

Charter Section 10.104 provides that the City may contract with private firms for services that can be practically performed for a lower cost than similar work by City and County employees.

The Controller has determined that contracting for the Airport Information Booth Services for FY 2001-2002 would result in estimated savings as follows:

City-Operated Service Costs	Lowest Salary Step	Highest Salary Step
Salaries	$1,884,508	$2,232,348
Fringe Benefits	521,842	575,748
Total	$2,406,350	$2,808,096
Contractual Services Cost[1]	(1,517,986)	(1,519,481)
Estimated Savings	$888,364	$1,288,615

Comments:

1. The Airport reports that Airport Information Booth Services were first certified as contractual services as required under Proposition J (Charter Section 10.104) in 1990, and have been continuously provided by an outside contract since then.

2. Ms. Sgourakis reports that the most recent Airport Information Booth Services contract with Polaris began on October 15, 1995. The contract term was for one year, with four annual renewals up to a maximum term of five years. That contract with Polaris, including the four annual renewals, expired on October 14, 2000. According to Ms. Sgourakis, at the end of the fourth one-year renewal period on October 14, 2000, the Airport modified its original contract with Polaris to extend the contract for one additional twelve-month period, from October 15, 2000 through October 14, 2001.

The Airport has recently negotiated a new one-year contract with Polaris/TRG joint venture in response to a Request for Proposals process (see Comment 3) that began on September 15, 2001, one month before the fifth one-year contract extension was set to expire.

[1] Contractual Service Costs include high and low estimates of contract monitoring expenses by Airport staff, according to Mr. Joe Matranga of the Controller's Office.

3. According to Ms. Sgourakis, on January 19, 2001, the Airport issued a Request for Proposals from firms seeking to provide information booth services to the Airport for the period of September 15, 2001 through September 14, 2002. In response to this Request for Proposals, the Airport received three responses. Polaris/TRG joint venture was selected by the Airport to continue to provide the Airport Information Booth Services.

4. The Contractual Services Cost used for the purpose of this analysis is based on the current contractor's costs to provide Airport Information Booth Services for the twelve-month period from September 15, 2001 through September 14, 2002.

5. The Controller's supplemental questionnaire, with the Department's responses, is attached to this report.

Recommendation: Approve the proposed resolution.

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: SFIA Landside Operations

CONTRACT SERVICES: Airport Information Booth Program

CONTRACT PERIOD: September 15, 2001 to September 14, 2002

(1) **Who performed the activity/service prior to contracting out?**
Polaris Research and Development has performed these services since the Program's inception in 1990.

(2) **How many City employees were laid off as a result of contracting out?**
None (see #1)

(3) **Explain the disposition of employees if they were not laid off.**
N/A (see Item #1)

(4) **What percentage of City employees' time is spent of services to be contracted out?**
N/A (see Item #1)

(5) **How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?**
Services have been contracted out since the Program's inception on October 15, 1990. This will be an ongoing request for contracting out.

(6) **What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?**
It was first certified in Fiscal Year 1990/91 and has been certified each subsequent year.

(7) **How will the services meet the goals of your MBE/WBE Action Plan?**
The services will be provided by Polaris/TRG Joint Venture.
Polaris is registered as a large local MBE firm with the Human Rights Commission. The Robert Group (TRG) is a certified M/WBE. Currently eighty percent (80%) of the Polaris personnel employed on the AI program are minorities. Under the new contract, presently being negotiated, the contractor is required to meet a 4% combined M/WBE subcontracting goal. The goal will be met by utilizing certified MBE office supply and personnel training providers.

(8) **Does the proposed contractor provide health insurance for its employees?**
Polaris does offer a full benefits package to employees including health and disability coverage, life insurance, sick leave and vacation pay. The Contractor also provides a 401K retirement program for employees.

(9) **Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?**
Polaris provides benefits to employees with spouses and offers these benefits to domestic partners.

(10) **Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?**
Yes, Polaris complies with the stipulations of the Minimum Compensation Ordinance.

Department Representative: 09/05/01
Bruce Briscoe, Deputy Airport Director - Operations

Telephone Number: (650) 821-5010

POLARIS Prop. J Questionnaire 2001-02 mod.

Item 7 - File 01-1525

Department: Controller

Item: Resolution establishing the City and County's Appropriations Limit for FY 2001-2002 pursuant to Article XIII B of the California Constitution.

Description: The proposed resolution would establish $1,717,059,535 as the FY 2001-2002 adjusted Appropriations Limit for the City and County of San Francisco as required by Article XIII B of the California Constitution.

On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Article XIII B limits the growth of appropriations from the proceeds of taxes of the State of California and local governments to the percentage change in population for the local governmental entity and the percentage change in the cost of living. The California Government Code requires that each local government establish its Appropriations Limit by resolution each year.

State Proposition 111, approved by the voters in June 1990, made several changes to Article XIII B (9) which are reflected in the City's computations. First, Proposition 111 redefined *change in the cost of living* as follows:

> *"Change in the cost of living" for an entity of local government, other than a school district or a community college district, shall be either (A) the percentage change in California per capita personal income from the preceding year, or (B) the percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential new construction. Each entity of local government shall select its change in the cost of living pursuant to this paragraph annually by a recorded vote of the entity's governing body.*

According to the State Department of Finance, the 2001 percentage change in California per capita personal income from the preceding year is 7.82 percent. The Assessor's Office advises that the percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential new construction is 0.33

percent[1]. The proposed resolution specifies that the Appropriations Limit calculations pursuant to Article XIII B shall use the percentage change in the California per capita personal income as the measure of "*change in the cost of living*", and not the percentage change from the preceding year in the local assessment roll due to the addition of local nonresidential new construction because the use of that measure would have resulted in a significantly lower Appropriations Limit calculation. According to the Controller's Office, the percentage change in the California per capita personal income has been used to calculate the City's Appropriations Limit since Article XIII B was amended in June of 1990.

Second, Article XIII B as amended by Proposition 111 also states that appropriations subject to limitation do not include *"appropriations required to comply with mandates of the Courts or the Federal Government"*. The Controller has identified one such mandate for FY 2001-2002 totaling $3,971,109, through a survey of all City departments related to toxic remediation required by the Federal Resource Conservation Act.

Lastly, Article XIII B (9), as amended by Proposition 111, also permits an adjustment to exclude appropriations for *"Qualified Capital Outlay as defined by the legislature"* from proceeds of taxes. This results in a reduction of $32,583,269 for FY 2001-2002, from appropriations of proceeds of taxes subject to the limit for Capital Outlay.

The Controller has computed the FY 2001-2002 Appropriations Limit for the City and County of San Francisco as shown on the following page (percentages and computed amount have been rounded by the Controller):

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[1] Based on new, non-Residential construction in 2001 of $236,988,000 and a total 2000 Assessed Valuation Roll of $71,567,849,034.

FY 2000-2001 Gross Appropriations Limit	$1,569,917,337
Adjusted by:	
Increase in Cost of Living	7.82%
Increase in Population	1.44%
FY 2000-2001 Net Appropriations Limit	$1,717,059,535*

*1.0782 times 1.0144 equals 1.093726 times $1,569,917,337.

The Controller's Office monitors revenues subject to the Appropriations Limit throughout each fiscal year. At year-end, as part of the annual financial audit, a final computation is prepared comparing actual proceeds of taxes to the Appropriations Limit. At that time, two tests must be met. First, all actual proceeds of taxes must be below the Appropriations Limit; and second, all actual proceeds of taxes collected must be appropriated. If either test is not met, according to Article XIII B, excess revenues collected must be returned to the taxpayers within two years.

The amount appropriated in the City's FY 2001-2002 budget that is subject to the Appropriations Limit is $1,530,406,991 which is $186,652,544 less than the net FY 2001-2002 Appropriations Limit of $1,717,059,535. In accordance with the Administrative Provisions of the Annual Appropriation Ordinance, any FY 2001-2002 tax proceeds in excess of current estimates will be appropriated to the City's General Fund General Reserve, which is used as a revenue source (a) to fund supplemental appropriations during the current fiscal year, and (b) to fund the City's budget for the next fiscal year.

Recommendation: Approve the proposed resolution.

Item 8 – File 01-1445

Note: This item was continued by the Finance Committee at its meeting of August 22, 2001.

Departments: Department of Administrative Services
San Francisco Convention Facilities

Item: Resolution authorizing the Director of Administrative Services to execute amendment(s) to the design agreement for the new Moscone Center Expansion Project, which would increase the total agreement by $1,000,000 from $14,026,326 to $15,026,326.

Description: On May 16, 1997, based on the results of a competitive request for proposal process, the Director of Administrative Services entered into a contract with Gensler/Michael Willis/Kwan Henmi Architects (Gensler) for architectural and engineering design and related services for the Moscone Center Expansion Project in the amount of up to $10,960,596. This architectural and engineering design contract was not approved by the Board of Supervisors because, according to Mr. Leonard Tom, Director of Finance for the Moscone Center Expansion Project, only $8,000,000 of the $10,960,596 was available to be certified for this design contract at the contract award time. Section 9.118(b) of the City's Charter requires that all agreements in excess of ten years or $10,000,000 and subsequent amendments in excess of $500,000 be approved by the Board of Supervisors. Mr. Ted Lakey of the City Attorney's Office advises that the Department was in compliance with the City's Charter provisions.

According to Mr. Tom, the basic scope of the Moscone Center Expansion Project was enlarged in September of 1997, when the project was extended to Fourth Street, the gross square footage increased from 570,000 square feet to 780,000 square feet, an increase of 210,000 square feet, or 36.8 percent and the net useable floor area was increased by 60,000 square feet, from 240,000 square feet to 300,000 square feet. As a result of this expansion, the purchase of additional land was required, the

project's construction budget increased from $144,000,000 to $191,000,000, land acquisition and related costs increased from $71,500,000 to $98,300,000 and the project completion date was extended by eight months from June of 2002 to February of 2003.

Between May 16, 1997 and July of 1999, an approximately 26-month period, the Director of Administrative Services approved 11 modifications to the Gensler contract, increasing the amount certified for this contract by $1,276,326, from the original $8,000,000 to $9,276,326. In October of 1999, the Department received approval from the Board of Supervisors for an amendment to the then existing $9,526,326 design agreement with Gensler to increase the contract by $4,500,000 to $14,026,326 (File 99-1712). Mr. Tom advises that this amendment was submitted to the Board of Supervisors because it resulted in the first time that the contract had funds certified in an amount which exceeded $10 million and the amendment was for greater than $500,000.

Mr. Tom advises that, since the original May 16, 1997 architectural, engineering and design contract was entered into with Gensler, there have been a total of 24 contract modifications. Attachment I provided by Mr. Tom, lists the original design contract for $10,960,596 and the subsequent 24 modifications, which have now resulted in a total contract amount of $14,089,073. As previously noted, the Board of Supervisors approved an increase in the contract of up to $14,026,326, which is $62,747 less than the $14,089,073 amount currently included in the Gensler contract. As stated in Attachment IV, provided by Mr. George Wong of the City Attorney's Office, in accordance with Charter Section 9.118, "the department's execution of modifications do not require board approval, provided the total modified amount does not exceed $14,526,326."

The proposed resolution would authorize the Director of the Administrative Services to enter into two or more additional modifications to the existing

$14,089,073 design contract at a total cost not to exceed $1,000,000, resulting in a total contract amount not to exceed $15,026,326 for Gensler to provide 16 additional design items of work that may be required from October of 2001 through February of 2003, which is anticipated to be the final construction phase of the Moscone Center Expansion Project.

The total costs of the Moscone Center Expansion Project, including design, construction, land acquisition and other related costs, were originally estimated at $267,000,000 in May of 1997. As shown in Attachment II, provided by Mr. Tom, the above-noted expansion of 60,000 square feet to the Project resulted in revised estimated costs of $343,000,000 by the Fall of 1999. According to Mr. Tom, the current estimated Project costs have increased to $358,200,000. Attachment II contains a breakdown of (a) the original $267,000,000 Project costs, (b) the revised $343,000,000 costs by the Fall of 1999 and the current Project estimated costs of $358,200,000. Attachment II also contains a brief explanation for the major reasons for these increases in the Project budget as well as the current status of the Project. Mr. Tom states "Currently, project construction is on time and within budget. We expect to open for operations in the Spring of 2003."

However, as shown in Attachment II, the current estimated $358,200,000 Project cost includes $28,700,000 for architecture and construction management, which includes (a) $15,026,326 for the subject design contract, including the proposed request for a $1,000,000 modification, (b) approximately $7,800,000 for a separate construction management contract, (c) approximately $4,000,000 for City construction management staff, (d) approximately $1,000,000 for a pre-construction management contract, (e) $600,000 for a graphics contract and (f) approximately $250,000 of other miscellaneous costs. Although not stated in Attachment II, the Budget Analyst notes that the subject request to increase the design contract with Gensler by $1,000,000 from $14,026,326 to

$15,026,326 results in 41.7 percent of the total $2.4 million increase in the Architecture/Construction Management costs from $26.3 million reported in the Fall of 1999 to the currently estimated $28.7 million.

Budget:

Attachment III, provided by Mr. Ray Fong of the Department of Public Works (DPW), includes a list of the 16 additional design tasks and the estimated costs for each of these requested Gensler design contract modifications, in a total amount of up to $1,000,000 (See Comment No. 7).

Attachment III, also contains a list of the construction costs, totaling an estimated $10,085,000, associated with the subject 16 additional design items (See Comment No. 7). As discussed in Attachment III, Mr. Tom estimates that, except for the solar panel power system construction costs currently estimated at $4,200,000, the remaining $5,885,000 ($10,085,000 less $4,200,000) of construction costs would be funded with Moscone Center Expansion Project construction contingency funds. This construction contingency is currently budgeted at $16.9 million, or ten percent of the total $169 million construction contract (part of the $187 million costs for Demolition/Construction/Furniture, Fixtures and Equipment (FFE)), which is included in the total $358,200,000 Project costs, as shown in Attachment III.

The Budget Analyst notes that the Construction Contingency costs increased by $4,100,000 from $12,800,000 in the Fall of 1999, to $16,900,000 currently. Yet, in the Fall of 1999, Demolition/Construction/FFE was estimated at $191,000,000 and is currently estimated at $187,000,000, or $4,000,000 less. Therefore, during this period, contingency costs <u>increased</u> by $4,100,000 or 32 percent while the Demolition/Construction/FFE <u>decreased</u> by 2.1 percent.

Attachment II also identifies for each of these same three time periods (May of 1997, Fall of 1999 and currently) the funding sources and amounts to be

used to pay for the Moscone Center Expansion Project. Attachment II also includes an explanation of each of the funding sources to be used to pay for the Project.

Comments:

1. In March of 1996, San Francisco voters authorized the issuance of up to $157,500,000 of Lease Revenue Bonds for the expansion of the Moscone Center. These lease revenue bonds were issued in November of 2000. As shown in Attachment II, a total of approximately $133 million of these lease revenue bond funds will be available for use on the project, including approximately $115 million for construction costs, and $18 million for land acquisition. The balance of $24,500,000 ($157,520,000 less $133,000,000) is for the Lease Revenue Bond financing costs, such as capitalized interest, capital reserve fund and bond issuance costs.

2. In August of 1996, the Board of Supervisors authorized an increase in the Hotel Tax rate from 12 percent to 14 percent, with the additional revenues to be earmarked for the Moscone Center Expansion Project. In November of 1998, the San Francisco voters reaffirmed the increase of the City's Hotel Taxes to 14 percent, with such revenues being deposited to the City's General Fund, but not being dedicated specifically for the Moscone Center Expansion Project. As identified in Attachment II, to date, the Board of Supervisors has appropriated $109,800,000 of General Fund revenues (Hotel Taxes) to the Moscone Center Expansion Project. Assuming the total current estimated project costs of the Moscone Center Expansion Project of $358,200,000, the Project will require a total of $149,800,000 of General Fund (Hotel Tax) revenues, or an additional appropriation of $40,000,000 ($149,800,000 less $109,800,000) from the City's General Fund (Hotel Tax), as descibed in Attachment II. Mr. Tom advises that any additional costs beyond the currently estimated $358,200,000 for the Moscone Center Expansion Project will need to be funded with additional General Fund appropriations.

3. Mr. Tom advises that the proposed resolution would provide for two or more modifications to the existing agreement because, as shown in Attachment III, the DPW Project Manager has identified 16 possible areas where an increase in design services may be needed beween September of 2001 and February 2003, during the final construction phase of the project. However, Mr. Tom advises that the decisions in terms of the need in each area have not been finalized. Furthermore, Mr. Fong advises that the actual amounts that would be required for each design item have not yet been determined. Therefore, Mr. Tom advises that, if the Board of Supervisors approves the requested resolution to increase the design contract by up to $1,000,000, the modifications would be made by the Department to the existing design contract using funds on an as-needed basis.

4. The Budget Analyst questioned approving a request for an additional $1,000,000 of design services at this stage of the project, since (1) the construction of this project began in August of 2000, and now has approximately 17 more months until completion, (2) the Financial Director advises that final decisions in terms of which specific design requirements are needed have not yet been finalized, (3) the Project Manager advises that the actual amounts required for many of the design activities have not been determined and may be less than estimated, (4) these 16 design items would result in a total estimated additional construction cost of $10,085,000, (5) the proposed increased authorization of the design contract will result in higher estimated design, contingency and ultimately Project costs, and (6) any additional costs beyond the currently estimated $358,200,000 for the Moscone Center Expansion Project will need to be funded with additional General Fund appropriations.

5. Furthermore, the Budget Analyst questioned why many of the 16 design items listed in Attachment III were not included in the original specifications for the architect and design contractors, since the City's experienced project management team should have

anticipated many of these needs from the outset, such as: (1) $30,000 for tenant improvements to Howard Street spaces for the City's construction offices, (2) $40,000 for development of special occupancies and related Fire Department permits, especially given that the existing Moscone Center has 45 of these pre-approved occupancy plans on file with the Fire Department, (3) $50,000 for engineering and integration of the City's Reclaimed Water plan, since this regulation has not changed since the beginning of this project, (4) $75,000 for general space planning not previously anticipated, (5) $70,000 for consultant travel to manufacturing sites outside the Bay Area, (6) $45,000 to select equipment for new vendors that will be using the building, and (7) $160,000 to exercise an option by the City to participate in additional project liability insurance, which the City paid in 1997, the first year of the contract.

6. The Department also acknowledges that several of the 16 requested design items may not be necessary because, for example, the requested $65,000 of design services for the integration of solar panel power supply, will depend on whether the Public Utilities Commission (PUC) can secure an estimated $4.2 million of State grants and other funds to actually install, construct and maintain the system. The requested $50,000 of design services for engineering and studies related to the adjoining 888 Howard Street Hotel may not be necessary because the Hotel may not be approved by the City, or ever actually constructed. Also, the requested $60,000 of design services for studies and solutions for the Fifth and Mission Parking Garage expansion will depend on whether or not the Garage's expansion involves the adjacent Minna Street, which has not yet been determined. Furthermore, the requested $60,000 of design services to comply with new energy or conservation measures that may or may not be enacted by the Board of Supervisors or the State and therefore may not be necessary.

7. Based on the numerous questions raised by the Budget Analyst regarding the requested $1,000,000

additional authorization for the Gensler design agreement for the new Moscone Center Expansion Project, Mr. Jack Moerschbaecher, the Director of Convention Facilities sent a memorandum, dated August 21, 2001 to the Budget Analyst's Office, which is included as Attachment V. As stated in this memorandum, of the initial $1,000,000 authorization requested, the Department now wishes to delete $330,000 (not $425,000 as identified in the Summary paragraph on page 4 of the memorandum) of the additional requested design funds of $1,000,000. Funds for the following six projects totaling $330,000 (and the related construction costs which could have resulted from such design work) would be deleted from the subject agreement amendment of $1,000,000, resulting in a reduction of $670,000 ($1,000,000 less $330,000) to the subject amendment to the agreement:

Design	Construction	Work Scope
$30,000	$360,000	Tenant Improvements, Howard Street
75,000	300,000	Space Planning, not anticipated
75,000	0	Curtain Wall consultant
45,000	560,000	Equipment for new vendors
45,000	565,000	Building Department requirements
60,000	750,000	Energy Conservation Measures
$330,000	$2,535,000	Total

As noted above, elimination of $330,000 for these six design projects would reduce the requested $1,000,000 authorization to $670,000. As shown above, the elimination of $330,000 for these six design projects would also reduce the associated estimated construction costs by $2,535,000, from the originally estimated cost of $10,085,000 to $7,550,000.

In addition, Mr. Moerschbaecher advises that $150,000 of the requested $1,000,000 increased authorization in the design contract and approximately $850,000 of the associated construction costs would not be charged to the Moscone Center Expansion Project. Instead, Mr. Moerschbaecher advises that (1) $50,000 for the

design of the Howard Street Hotel project and an estimated $100,000 for the related construction costs would be charged to the developers of the hotel; (2) $40,000 for the design of Fire Department permits would be charged to the Convention Facilities Operating Funds; and (3) $60,000 for the design of the Fifth and Mission Garage and an estimated $750,000 for the related construction costs would be charged to the Department of Parking and Traffic (DPT).

Therefore, the Budget Analyst recommends that the proposed resolution be amended to authorize the Director of Administrative Services to execute amendments to the design agreement with Gensler for the new Moscone Center Expansion Project to increase the total agreement by $670,000 (not $1,000,000) from $14,026,326 to $14,696,326 (not $15,026,326).

8. As discussed in Attachment IV in a memorandum from the City Attorney's Office, in accordance with Charter Section 9.118, the Department would be permitted to modify this design contract with Gensler for the new Moscone Center Expansion Project for any subsequent modifications not exceeding a total of $500,000 without first having to obtain approval from the Board of Supervisors. The Budget Analyst therefore notes that, if the Board of Supervisors authorizes the subject request to increase the design agreement with Gensler by $670,000, for a total contract amount of up to $14,696,326, as is being recommended by the Budget Analyst, the Department would actually be permitted to continue to increase the contract without first obtaining Board of Supervisors approval as long as the total subject modifications did not exceed $1,170,000 ($670,000 as is now being recommended by the Budget Analyst for the subject resolution plus an additional $500,000 which would not require Board of Supervisors approval), or a total design contract amount of up to $15,196,326 ($14,696,326 plus $500,000). Given the magnitude of this project, the Budget Analyst therefore recommends that, if any additional design contract

modifications are required, beyond the total of $14,696,326 that is currently being recommended, that the Department be requested to first seek approval of such modifications from the Board of Supervisors. Nothing in the City's Charter would prohibit the Department from requesting such prior authorization from the Board of Supervisors.

In response, Mr. Moerschbaecher requests that, in order to expedite the completion of the Moscone Center Expansion Project, that the Department be required to notify the Board of Supervisors (and the Budget Analyst's Office) of any modifications to the contract beyond the $14,696,326 total contract amount recommended, rather than to require legislative approval from the Board of Supervisors of any modifications beyond the $14,696,326. The Budget Analyst considers approval of Mr. Moerschbaecher's request to be a policy decision for the Board of Supervisors.

Recommendations:

1. Amend the proposed resolution to reduce the requested increase in the design agreement with Gensler for the new Moscone Center Expansion Project from $1,000,000 to $670,000, a reduction of $330,000, and to authorize the Director of Administrative Services to execute such amendments up to a total amended contract amount of $14,696,326, instead of $15,026,326. The specific changes to the subject resolution are as follows:

- Change line 5 of the Title of the proposed resolution from $15,026,326.38 to $14,696,326.38;
- Change line 14 of the body of the proposed resolution "to increase the sum under said agreement by $670,000 (not $1,000,000)"; and
- Change line 20 of the body of the proposed resolution "in an amount not to exceed $670,000 (not $1,000,000)".

2. Direct that a memorandum be sent to the Department of Administrative Services requesting that any additional design contract modifications beyond the total of $14,696,326, that is currently

being recommended by the Budget Analyst, be submitted to the Board of Supervisors for approval prior to executing such modifications with the contractor. An alternative request by Mr. Moerschbacher, that the Department be required to simply notify the Board of Supervisors (and the Budget Analyst's Office) of any modifications to the contract beyond the $14,696,326 total contract amount recommended, rather than to obtain legislative approval from the Board of Supervisors of such modifications, is a policy decision for the Board of Supervisors.

Harvey M. Rose

Supervisor Leno
Supervisor Peskin
Supervisor Gonzalez
Clerk of the Board
Controller
Ben Rosenfield

Attachment I

MOSCONE CENTER EXPANSION PROJECT A&Emodsum1
A&E CONTRACT MODS/ENCUMBRANCES 8/16/01

Contract Action	Description	Date Executed	Amount	Aggregate Value	Certified Value* (FAMIS)
Original Contract		5/16/97	10,960,596.00	10,960,596.00	8,000,000.00
Mod #1	Deleted Services	8/13/97	(334,683.62)	10,625,912.38	7,665,316.38
Mod #2	Miscellaneous Changes	10/15/98	-	10,625,912.38	7,665,316.38
Mod #3	Moscone Telecommunications (TEECOM)	8/5/98	16,863.00	10,642,775.38	7,682,179.38
Mod #4	General Scope of Services	1/27/99	1,098,000.00	11,740,775.38	8,780,179.38
Mod #5	Steel Connection Testing	2/7/99	335,500.00	12,076,275.38	9,115,679.38
Mod #6	TEECOM Additional Services	2/15/99	62,500.00	12,138,775.38	9,178,179.38
Mod #7	Vehicle Exhaust Model (GEOMATRIX)	3/15/99	15,586.00	12,154,361.38	9,193,765.38
Mod #8	Wind Test Studies (RWDI)	3/22/99	11,550.00	12,165,911.38	9,205,315.38
Mod #9	Basement Mechanical System	5/7/99	4,183.00	12,170,094.38	9,209,498.38
Mod #10	Structural Peer Review Additional Services	5/6/99	65,175.00	12,235,269.38	9,274,673.38
Mod #11	Worker Health Evaluation-Vehicle Exhaust	7/16/99	1,653.00	12,236,922.38	9,276,326.38
Mod #12	Correction per City Attorney**	1/9/00	(2,960,596.00)	9,276,326.38	9,276,326.38
Mod #13	Construction Administration	1/19/00	3,833,596.00	13,109,922.38	13,109,922.38
Mod #14	Misc. (Art, Life Safety, Cafeteria, Dampers)	2/11/00	499,461.00	13,609,383.38	13,609,383.38
Mod #15	Misc. (Life Safety, Minna St. talking signs, et al	5/9/00	424,980.00	14,034,363.38	14,034,363.38
Mod #16	Deleted Services	6/14/00	(241,675.00)	13,792,688.38	13,792,688.38
Mod #17	Misc. (additional design)	6/15/00	52,822.25	13,845,510.63	13,845,510.63
Mod #18	Construction Administration (misc.additional)	12/11/00	38,094.00	13,883,604.63	13,883,604.63
Mod #19	Temp. Crane Load calculations	2/6/01	3,850.00	13,887,454.63	13,887,454.63
Mod #20	Construction Administration (additional)	3/6/01	7,065.00	13,894,519.63	13,894,519.63
Mod #21	Construction Administration (additional)	3/23/01	4,888.00	13,899,407.63	13,899,407.63
Mod #22	Construction Administration (Kitchen/AV)	4/4/01	18,800.00	13,918,207.63	13,918,207.63
Mod #23	Const. Admin. (CADD, Floor Box, AV spec)	5/14/01	34,940.00	13,953,147.63	13,953,147.63
Mod #24	Const. Admin. (Curtain Wall, AV spec)	6/1/01	135,925.00	14,089,072.63	14,089,072.63
		Total	14,089,072.63		

* Due to limited funds a partial certification by the Controller of the agreed to amount was processed in June 1997. The $8,000,000 amount was sufficient for the architectural team to complete the design phase of the work (original building scope).

** In October 1999, the City Attorney determined that the contract agreement had to be the same as the value certified by the Controller. A deductive modification was processed (mod #12) to bring the contract into balance with the encumbrance certified in FAMIS.

City and County of San Francisco **San Francisco Convention Facilities**

Willie Lewis Brown, Jr.
Mayor

Jack Moerschbaecher
Director

MEMORANDUM

DT: Aug. 16, 2001
TO: Debra Newman
FM: Leonard Tom LT
RE: MCEP Design Contract Authorization Increase Aug. 2001

Per your request, following is a summary of the total project budget and funding sources for May 1997, Fall 1999 and June 2001. May 1997 represents the original scope of the Project. Fall 1999 represents the expanded scope of the Project (extension to Fourth Street). June 2001 is the current total budget for the project.

Category	May 1997	Fall 1999	June 2001
Demolition/Construction/FFE	$144.0 million	$191.0 million	$187.0 million
Construction Contingency	$ 14.4 million	$ 12.8 million	$ 16.9 million
Offsite infrastructure	$ 3.4 million	$ 2.8 million	$ 3.8 million
Architecture/Construction Management	$ 22.2 million	$ 26.3 million	$ 28.7 million
Consultants	$ 1.2 million	$ 0.7 million	$ 0.3 million
City Depts., Permits, Fees, Art Projects	$ 10.3 million	$ 11.1 million	$ 11.0 million
Subtotal	$195.5 million	$244.7 million	$247.7 million
Land Acquisition & Related Costs	$ 71.5 million	$ 98.3 million	$110.5 million
Total Project Cost	$267.0 million	$343.0 million	$358.2 million
Funding Sources			
Revenue Bonds (Construction)	$115.0 million	$115.0 million	$115.0 million
Revenue Bonds (Land Acquisition)	$ -	$ -	$ 18.0 million
Hotel Tax Revenue (Land Acquisition)	$ 71.5 million	$ 98.3 million	$ 92.5 million
Hotel Tax Revenue	$ 67.0 million	$ 81.3 million	$ 57.3 million
Convention Facilities Fund Balance	$ 13.5 million	$ 48.4 million	$ 58.6 million
Rents/misc./other	$ -	$ -	$ 16.8 million
Total	$267.0 million	$343.0 million	$358.2 million

The major cause of the increase between May 1997 and Fall 1999 was the change in scope of the Project (extension to Fourth Street). The gross square footage of the building increased by 37%. Project duration was extended by more than a year. Land acquisition costs were estimated to increase by about $27 million dollars. The eminent domain lawsuits had not yet gone to trial. The design and construction management budget had to be increased to accommodate the increased building scope and extended duration (original completion was June 2002) of the Project. The construction contingency budget and other minor items were reduced to keep the total project budget within the reasonably expected availability of funding for the Project.

Between Fall 1999 and June 2001, the Project Budget increased by a net of $15.2 million. The land acquisition budget was increased by $12.2 million (two of three lawsuits have been resolved). The Construction contract actually came in lower than estimated. That allowed restoration of the construction contingency to 10% and partial restoration of other parts of the Project budget.

99 Grove Street, #204, San Francisco, CA 94102 ~ Telephone (415) 554-6178 Fax (415) 978-5913

Funding sources have been increased as the scope and budget for the Project has changed. The primary sources, initially, were net bond proceeds and the Hotel Tax. By Fall 1999, Convention Facilities Fund Balance and Rents/Misc./Other had become more prominent. Convention Facilities Fund Balance are revenues made available to the Project from previously allocated CFM project reserves or operating surpluses from prior fiscal years. "Rents" come from proceeds collected from properties taken by eminent domain for the Project. The buildings were occupied for approximately six months prior to their demolition under City "ownership." "Other" includes a $14.9 million release of the Capital Reserve Fund previously refunded Moscone Revenue Bonds in 1994. The release was made possible by substitution of a surety bond for the capital reserve. Presently, the increased alternate sources have allowed the need for Hotel Tax to be reduced from a high of $179.6 million in Fall 1999 to $149.8 million currently.

The Revenue Bond funding available has always been shown in terms of net proceeds, after capitalized interest, capital reserve and bond issuance costs are taken off the top of the $157.5 million authorization level. Original Project planning assumed Bond issuance in 1997 with $42.5 million of financing costs, yielding $115 million in net proceeds. Working with the Mayor's Office of Public Finance, the project team delayed issuance until November 2000. This reduced the financing cost by $18 million and made that amount available for "hard costs" of the Project.

As of July 2001, the City has appropriated approximately $318 million in total fund sources for MCEP (Hotel Tax $109.8 M, Revenue Bonds $133 M (net), CFM Fund Balance $58.7 M, and Other $16.8 M). We currently project that an additional $40 million in Hotel Tax Funds will be needed in FY 02/03 to complete the Project.

Currently, project construction is on time and within budget. The General Contractor was given Notice-To-Proceed in August 2000. We expect to open for operations in the Spring of 2003.

AE Fees/AE Bd Resolution 01 Analyst memo 2

City and County of San Francisco

Moscone Center Expansion Project

Willie Lewis Brown, Jr., *Mayor*
Edwin M. Lee, *DPW Director*
Ray Fong, *Project Manager*

Memorandum

revised August 15, 2001

To: Jack Moerschbaecher

From: Ray Fong

Subj: Architect Work Scope Budget

The following items listed below are anticipated additional architectural contract modification work scopes that may be required to complete construction of the project.

Budgets		Work Scope
Design Budget	Construction Budget	
65,000	4,200,000	Integration of solar panel power supply.
30,000	360,000	Tenant improvement to Howard Street spaces for construction offices.
50,000	100,000	Engineering and studies and for the adjoining 888 Howard Street Hotel.
40,000	0	Development of special occupancies and related Fire Department permits.
50,000	750,000	Engineering and integration of the City's Reclaimed Water plan.
75,000	300,000	Space planning for accommodation to uses not previously anticipated.
60,000	750,000	Studies and solutions for the Fifth and Mission Parking Garage expansion.
50,000	625,000	Upgrading of audio and visual equipment.
55,000	250,000	Specialized engineering for vibratory membrane dynamic floor loading responses.
75,000	0	Specialty curtain wall consultant field service.
70,000	0	Consultant travel to manufacturing sites outside the Bay Area to insure proper manufacture, fabrication, quality control or testing of building components.
45,000	560,000	Select equipment for new vendors that will be using the new building.
70,000	875,000	Review and approve substitutions for products or materials no longer available or which incorporate upgrades in technology, improves materials, products or systems.
45,000	565,000	Provide additional services to comply with special building occupancy mandated by the Building Department or other approval agency.
60,000	750,000	Provide services to comply with new energy or conservation measures that may be enacted.
160,000	0	Exercise option by City to participate in cost of project insurance.
1,000,000	10,085,000	Total

We request that you seek authority from the BOS to modify the contract by $1 million.

All construction cost shown above, except the solar panel power system, will be funded by the MCEP project construction contingency and will not require additional funding to execute. Construction cost for the solar power system will be funded by the Public Utilities Commission (PUC) dependent upon issuance of bonds for solar energy facilities.

Howard and Fifth Street, San Francisco, CA 94103 ~ Telephone (415) 978-5901 Fax (415) 267-6480

City and County of San Francisco

Moscone Center Expansion Project

Willie Lewis Brown, Jr., *Mayor*
Edwin Lee, D*PW Director*
Ray Fong, *Project Manager*

August 14, 2002

To: Leonard Tom
Financial Manager

From: Ray Fong
Project Manager

Re: Moscone Center Expansion Project
Architect Work Scope Details

Please find described below details of the Architect's work scope for Board Resolution August 2001.

1. Integration of solar panel power supply: A preliminary proposal to add solar panels to the roof of MCEP has been studied by the Powerlight Corporation of Berkeley, CA. Electrical power generated by the solar panels could be used within the building or returned to PG&E for a credit. If the decision were made to add solar panels to MCEP in order to reduce energy consumption it would be necessary for the project Architects to provide design services for conduit routing from the roof to an equipment monitoring and control room in the basement. The re-design of the area where the control room is located, the control room design and the conduit routing would be an additional cost.

2. Tenant Improvement to Howard Street spaces for construction offices: The construction management and inspection staff for the MCEP is currently located in temporary construction trailers located along Howard Street. During the year 2002, these trailers will have to be removed to complete construction on MCEP including repaving Howard Street between Fourth and Fifth Street. Since the project will not be finished when this paving occurs it will be necessary to relocate the 15 person staff to MCEP, leased office space or City owned office space. In any event it will be additional services to design such spaces for management staff to use until project completion in the spring of 2003.

3. Engineering studies for the adjoining 888 Howard Street Hotel: A new hotel is in the planning stages for adjacent property to the MCEP site. Additional services will be necessary to find solutions for joint property line issues arising from the new hotel. Such services would study hotel foundations deeper than the MCEP foundations, waterproofing, underpinning, foundation wall design, dewatering and shoring as they impact the MCEP construction.

4. Special occupancy and related Fire Department permits: These permits for certain types of usage are pre-approved by the Fire Department, and are planned and created by the Architect with the assistance of the convention facility's staff. Work involves establishing multiple layouts of planned activities for differing anticipated configurations of occupants using the facility. For instance, the existing Moscone Center has 45 of these pre-approved occupancy plans on file with the Fire Department. This new facility is estimated to require 18 pre-approved plans to be on file. If the client required new configurations of use, additional services would be necessary from the Architect.

Construction Project Trailers, 5th and Howard Street, San Francisco, CA 94103 (415) 978-5901 (415) 267-6480 fax

5. Engineering and integration of the City's Reclaimed Water plan: At some future date in may be required to add additional plumbing to the building to implement the City's reclaimed water plan. This would be additional design work for the Architects, since the project is in construction and the reclaimed water plan was not required of this project during the design phase.

6. Space planning for accommodation to uses not previously anticipated: Any space planning and interior design that might be requested by SF Convention Facilities that is not already incorporated in the plans will be additional services for the Architects. A new business center is desired to provide amenities for convention users such as: a copy center, packaging and mail center, and electronic messaging services.

7. Studies and solutions for the Fifth and Mission parking garage expansion: The Department of Parking and Traffic is currently studying the possible expansion of the Fifth and Mission garage either by adding vertically or horizontally onto Minna Street. If the Minna Street expansion were pursued, additional work would be required by the MCEP Architects to study and provide design services to modify the MCEP as necessary to accommodate the new garage expansion. This could include additional exiting studies, fire ratings of walls, deep excavations, foundation wall design, dewatering, and shoring design.

8. Upgrading audio and visual equipment: audio and visual equipment is something that is constantly being improved. Some re-design and upgrades of equipment, wiring, and systems has already occurred and it is likely more improvements will occur prior to construction completion in the spring of 2003.

9. Specialized engineering for vibratory membrane dynamic floor loading responses: The dynamic analysis for a flexible floor is not within the scope of the Architect's normal services. Dynamic floor responses are a result of special loading criteria, which can come from activities such as: marching bands, group aerobic exercises, rock concerts, and tea dancing. All of these activities generate a rhythmic pattern, which can harmonically intensify in amplitude to generate wave patterns in the floor membrane. An expert is needed to study and report on the flexibility of our floors in reaction to dynamic wave responses, and give criteria to avoid these loadings or recommend engineering criteria to change the floor response spectrum.

10. Specialty curtain wall consultant field service. A large portion of the Fourth and Fifth Street facades are made of an aluminum and glass building enclosure system commonly known as a curtain wall because it supports only its own weight and is not part of the building structural system. Each building that uses such a system is using standard manufactured components that are put together in a unique way to provide the exterior weather enclosure for the building. Full size mock-ups are constructed to test water infiltration, temperature expansion and contraction, wind resistance, etc. This curtain wall system will be one of the most important component systems in the building. To ensure proper installation that will meet design requirements, code requirements, and improvements resulting from the mock up testing it may be necessary to have the actual construction reviewed as it progresses by an expert curtain wall consultant that has been involved with all phases of the project. Such expert on site inspection would be additional service by the MCEP Architects.

11. Consultant travel to manufacturing sites outside the Bay Area: Sometimes it is necessary for local design consultants to travel outside the Bay area to insure proper manufacture, fabrication, quality control or testing of building components. There are thousands of pieces of equipment, motors, fans, electrical components, lighting, audio visual systems, fire protection, fire alarm systems, etc. which in the best interest of finishing the project on time without last minute problems require inspection or observation at the manufacturing plant rather than shipping components to the job

site for testing. These inspection or commissioning trips would be additional services for the MCEP design consultants. Such travel may be required to Stockton, CA; Fresno, CA; Phoenix, AZ; Fullerton, CA; Wausau, MN; Scofield, MN; and Mountain Top, PA.

12. Select equipment for new vendors: SF Convention Facilities is in the process of hiring vendors to operate or maintain planned activities for MCEP. Those vendors who were not known during the design phase may and usually do request or require equipment or construction changes to accommodate their operations. Such changes would be additional services for the MCEP design team.

13. Review and approve substitutions for the project: Under the Architects contract they perform one review of submittals for materials and products that the Architects designed and the client approved. Additional services would be required for (1) client requested changes to materials and products, (2) contractor requested changes when the specified item is still available, and (3) upgrade in technology, improvement in materials, products or systems if the specified system is still available and was previously approved by the City.

14. Provide additional services to comply with special Building Department or other approval agency: Although every effort is made during the planning, design and construction phases to meet or exceed the requirements of all the approval agencies, sometimes new requirements or interpretations based on the actual construction become apparent to the approving agencies. Life safety and disabled access issues are two areas that require frequent last minute adjustment in order to obtain building occupancy permits or final approvals. The addition of these late changes, that could not have been anticipated during the design phase and after numerous previous approvals by the same authorities, would be additional services for the MCEP design consultants. Another example is the recent change by the Bay Area Air Quality Control Board of its latest standards on emissions for emergency generators that mandated the project change the specified generators and re-select another generator that met the new regulations.

15. Provide services to comply with new energy or conservation measures that may be enacted: Any City, State or Federal energy or conservation measures that are not already part of the MCEP design will require re-design work to accommodate those new measures. Construction is beyond 25% complete and any such revision might require demolition of completed construction and revision of plans and specifications to incorporate the new systems. Energy and conservation measures usually involve the heating, ventilating, air conditioning and electrical systems. Even a minor change may require extensive additional design work.

16. Exercise option by City to participate in cost of project insurance: The City instituted and has the option of raising the insurance coverage from the non-project specific coverage of $6 million to the project specific coverage of $10 million. This was recommended by the City Attorney to provide the City with the best protection at minimal cost.

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CITY ATTORNEY

LOUISE H. RENNE
City Attorney

GEORGE K. WONG
Deputy City Attorney

DIRECT DIAL: (415) 554-3942
E-MAIL: george_wong@ci.sf.ca.us

MEMORANDUM
PRIVILEGED & CONFIDENTIAL

TO: DEBRA NEWMAN
Budget Analyst's Office

FROM: GEORGE K. WONG
Deputy City Attorney

DATE: August 16, 2001

RE: Modification of Contract with Gensler/Michael Willis/Kwan Henmi,. JV

In October, 1999 the Board of Supervisors approved a modified contract with Gensler/Michael Willis/Kwan Henmi, JV for architectural services in the amount of $14,026,326. Since that date, the Department of Public Works has modified the contract so that it now amounts to $14,089,073, an amount slightly in excess of the board-approved amount. The Department of Public Works is seeking a board resolution increasing the original approved amount of $14,026,326 by $1 million.

Charter Section 9.118, amongst other things, requires board approval of non-construction contracts of $10 million or more, and of modifications of such contracts exceeding $500,000. The department's execution of modifications do not require board approval, provided the total modified amount does not exceed $14,526,326 ($14,026,326 + $500,000). Therefore, modifications resulting in the present modified contract amount of $14,089,073 did not require board approval. However, at this time the department wishes to modify the contract by an additional amount of $1 million. This will require board approval by resolution.

FOX PLAZA · 1390 MARKET STREET, SUITE 418 · SAN FRANCISCO, CALIFORNIA 94102-5408
RECEPTION: (415) 554-4283 · FACSIMILE: (415) 255-0733

MEMORANDUM

August 21, 2001

TO: Harvey Rose, Budget Analyst
Debra Newman, Budget Analyst's Office

FROM: Jack Moerschbaecher, Director of Convention Facilities

SUBJECT: Item 10 – File 01-1445, Finance Committee Meeting of August 22, 2001

The purpose of this memo is to clarify some of the information provided to you in the preparation of your report regarding this item which requests authorization to increase the design agreement for the Moscone Center Expansion project by $1 million. Please be aware that based on your review of the item, and based on the fact that we feel additional information is needed, we have asked that this item be continued to the meeting of September 26, 2001. This will give you a better opportunity to review the additional information we will provide.

It is unfortunate that you received what was essentially supposed to be an internal memo from the DPW Project Manager regarding the background for the request for $1 million. I did not have a chance to review the information you were provided, or to comment more fully on it. This memo serves that purpose.

In regard to the construction amounts related to that memo, which total $10+ million, please be aware that those amounts were meant to be the upper limits for what we felt additional construction costs would be. It was not, and is not, our intent to request an additional $10+ million in General Fund monies for these items. Where appropriate, we would look for alternative sources of funding, reduce the scope of work to be done, and generally do our best to mitigate, to the extent possible, the impact on the General Fund.

As regards to the individual items, I've taken a further look at each, and this memo is meant to provide you with additional information and, in some cases, withdraw the requested items.

<u>Solar Power Supply - $65,000 design; $4,200,000 construction</u>
We feel it is prudent to design the improvements needed to allow for some form of alternative energy production to be installed at the Moscone Expansion site. Whether this is photovoltaic, or some other form of solar energy production remains to be seen, but it will cost us much less in the long run to ensure that the building that we construct today doesn't require massive modifications at the time we install the alternative energy system. Thus, we feel the design funds are needed at this time. In terms of the construction cost, in the event that alternative funds such as state, federal or utility company grants are not available, we would use the annual allocation of Hotel Tax revenues (a non-General Fund source) to pay the construction costs of this project. The General Fund would not be impacted. Additionally, please understand that the $4.2

million estimate for construction costs was derived from a conversation that the DPW Project Manager had with staff from the PUC. They had discussed this project with one vendor, a vendor who provides photovoltaic systems, the most expensive kind of systems on the market at this time. We are confident that in the event we go forward with this project, the bid process will result in a greatly reduced cost for the alternative energy system.

Tenant Improvement Howard Street - $30,000 design; $360,000 construction
We are withdrawing this request.

Howard Street Hotel - $50,000 design; $100,000 construction
While it is true that this building has not been officially approved, nonetheless, we have assured the Planning Commission that we will cooperate with any and all developers interested in developing this site. We would charge the developers the full cost of any design or construction changes needed to accommodate the hotel. However, we do need the authorization to spend the design funds prior to being able to charge the developers. Construction costs would be borne completely by the developer at the time any modifications to our building are needed.

Fire Department Permits - $40,000 design
This item was never intended to be a part of the original design and construction project, so the DPW Project Manager didn't miss this. Rather, this was more an oversight of the Convention Facilities Office. The project is responsible for building the convention center, not determining how the building is operated when events are booked. Because we now have some 30 events already booked, we are in a position to provide the Fire Department with more detailed plans regarding the actual uses of the facility. We need the architects to develop those plans. However, since this is an operational matter, the project should not pay this cost. We would use Convention Facilities Operating Funds (a non-General Fund source) to pay these costs.

Reclaimed Water Plan - $50,000 design; $750,000 construction
This item was not included by the DPW Project Manager in the design contract although the regulation has been in effect since the beginning of the project. We still feel it is prudent to design the improvements necessary to fully implement the plan in the event the City requires us to do so.

Space Planning - $75,000 design; $300,000 construction
We withdraw this request.

Fifth and Mission Garage - $60,000 design; $750,000 construction
This request is similar to the request made for the hotel project. While a specific plan for the expansion of the garage has not come forward, we think it would be in the best financial interests of the City to have our architects talk with DPT early so that designers of the garage expansion do not develop plans which would be expensive to implement. We feel such an early discussion would, in the long term, act to reduce the cost of the

garage expansion. It would be our intention to charge DPT for any of the costs associated with this item so that the General Fund is not impacted.

Audio-Visual Equipment - $50,000 design; $625,000 construction
Audio-visual equipment is, in many ways, subject to the same kind of technological improvements as computer equipment. Because of that, between now and the time the building opens, we will be looking at more advanced equipment than is presently available. In some cases, the more advanced equipment may require redesign of some of the spaces, but more likely a redesign of some of the support facilities. The design funds allow us to better react to changes in technology.

Floor Loading - $55,000 design; $250,000 construction
As we have booked events into the facility, we are finding that the uses of the facility are different than we found when we did focused interviews with potential clients at the time we were determining if we needed an expansion or not. Originally, we were led to believe that clients would use the first floor for exhibit space and the two upper floors for meetings rooms. The events being booked into the facility are, more and more, using the second floor for exhibit space as well. While we designed the floor loading to accommodate this, we do have concerns about how the placement of heavy equipment (which is prevalent in some shows), will affect the vibrations in the floor. Being proactive in this analysis will prevent us from experiencing problems that have occurred in other multi-level convention centers.

Curtain Wall Consultant- $75,000 design
We withdraw this request.

Consultant Travel - $70,000 design
While I fully recognize the issues surrounding travel, I would like to make a case for this. We have to be able to ensure that the materials that are to be used in the facility adhere to strict quality controls. Having our architectural consultants on-site at the manufacturer's location from time to time will help us prevent problems that would be far more costly in the long term. We didn't know until August, 2000 who the construction contractor would be. Thus, at the time the design contracts were being let, we didn't know the locations where subcontractors would be producing and fabricating the materials.

Equipment for New Vendors - $45,000 design; $560,000 construction
We withdraw this request.

Review and Approve Substitutions - $70,000 design; $875,000 construction
This item essentially is a request to move $70,000 of the funds presently in the overall project contingency into a contingency fund for the architectural services. In all honesty, we do not know what changes might be requested by the construction contractor, but we need to ensure that whatever changes are requested are reviewed quickly and professionally to ensure they do not impact the integrity of the building and that we open on time. This contingency fund does just that.

Building Department Requirements - $45,000 design; $565,000 construction
We withdraw this item. See Note 1.

Energy Conservation Measures - $60,000 design; $750,000 construction
We withdraw this item. See Note 1.

Project Insurance - $160,000 design
The omission of this item from the design contract amount was just that, an omission. This was an option in the original architectural contract. The contract called for $10 million in Errors and Omissions insurance. While individual members of the Joint Venture architectural team were able to provide that level of insurance, the Joint Venture team itself was not able to provide that level of insurance without the assistance of the City. It is that assistance which is the reason for this request.

Note 1
While we agree that these items should be withdrawn, we still would like to reserve the right to come back at some point in time in the future. We all know that the permitting agencies of the City have, in the past, made substantial changes to buildings before issuing a certificate of occupancy.

Summary
To summarize this memo, we agree that $425,000 will be withdrawn from this request. We feel that $110,000 should be approved and later charged to other projects as needed (hotel, garage). We will use $40,000 in alternative funding sources for one of the items and that $425,000 should be approved for the items shown above.

Should you have any questions on this matter, please contact me at 554-6178.

.25

/01
ancelled

BOARD of SUPERVISORS

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

NOTICE OF CANCELLED MEETING

FINANCE COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

NOTICE IS HEREBY GIVEN that the meeting of the Finance Committee scheduled for Wednesday, October 3, 2001, at 10:00 a.m., at 1 Dr. Carlton B. Goodlett Place, Room 263, City Hall, San Francisco, California, has been **cancelled**.

Gloria L. Young, Clerk of the Board

FINANCE COMMITTEE
S.F. BOARD OF SUPERVISORS
CITY HALL, ROOM 244
1 DR. CARLTON GOODLETT PLACE
SAN FRANCISCO, CA 94102-4689

IMPORTANT HEARING NOTICE!!!

41 Library
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City and County of San Francisco
Meeting Minutes
Finance Committee

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez

Clerk: Gail Johnson

Wednesday, October 10, 2001 **10:00 AM** **City Hall, Room 263**

Regular Meeting

Members Present: Mark Leno, Aaron Peskin, Matt Gonzalez.

MEETING CONVENED

The meeting convened at 10:08 a.m.

011698 **[First Quarter Revenue Figures]**

Supervisors Leno, Maxwell

Hearing asking the Controller to brief the Finance Committee on first quarter revenue figures and to consider the impact of our slowing economy and the events of September 11th on our local economy.

9/24/01, RECEIVED AND ASSIGNED to Finance Committee. Sponsors request this item be considered at the October 3, 2001 meeting.

Heard in Committee. Speakers: Edward Harrington, Controller; Ben Rosenfield, Mayor's Budget Office; John Marks, Convention and Visitors Bureau; Mike Casey, Hotel and Restaurant Workers (SEIU, Local 2); John Martin, Director, San Francisco International Airport; Jack Moershbaecher, Moscone Convention Cener; Kathleen Harrington, Golden Gate Restaurant Association; Chris Kraus, PKF Consulting; Captain John Goldberg, Police Department, Fiscal Division; Theodore Lakey, Deputy City Attorney; Mario Trevino, Chief, Fire Department; Dr. Mitch Katz, Department of Public Health; Julie Brennan, Department of Human Services, Budget Office; Jerry Hoya, Recreation and Park Department; Ed Lee, Director of Public Works; Bruce Windrem; Supervisor Ammiano.

FILED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011642 **[Pedestrian Safety and Street Resurfacing General Obligation Bonds]**

Supervisors Ammiano, Sandoval, Maxwell

Resolution determining and declaring that the public interest and necessity demand the financing of street resurfacing, curb ramp construction, sidewalk improvement and street structure improvement projects and all other aspects necessary or convenient for the foregoing purposes, that the estimated cost of $150,000,000 is and will be too great to be paid out of the ordinary annual income and revenue of said City and County and will require the incurring of a bonded indebtedness.

(Supervisor Gonzalez dissenting in Committee.)

(Fiscal impact.)

9/17/01, RECEIVED AND ASSIGNED to Finance Committee.

10/9/01, SUBSTITUTED. President Ammiano submitted a substitute resolution bearing new title.

10/9/01, ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Supervisor Ammiano; Harvey Rose, Budget Analyst; Maria Lombardo, San Francisco County Transportation Authority; Theresa Burke, Department of Public Works; Nick Carr, Department of Parking and Traffic, Liveable Streets Corridor Project; Emily Drennen, Bicycle Advisory Committee; Walter Parks, Mayor's Office on Disability; Bob Planthold, Co-Chair, Pedestrian Safety and Street Resurfacing Working Group; John Winston, Bicycle Coalition; John Bardis; Ben Rosenfield, Mayor's Budget Office; Theodore Lakey, Deputy City Attorney.

RECOMMENDED by the following vote:

Ayes: 2 - Leno, Peskin

Noes: 1 - Gonzalez

011389 **[Management Agreement for the North Beach and Vallejo Street Garages]**

Resolution approving the award of the Management Agreement for the North Beach Garage and the Vallejo Street Garage to Pacific Park Management Incorporated. (Parking and Traffic Department)

(Fiscal impact.)

7/30/01, RECEIVED AND ASSIGNED to Housing, Transportation and Land Use Committee.

8/28/01, TRANSFERRED to Finance Committee.

Speakers: None.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011566 **[Sewer Emergency]**

Resolution approving the expenditure of funds in the amount of $272,846 to construct a new sewer on Tennessee Street from Cesar Chavez Street to midway toward 26th Street and on Cesar Chavez Street from 3rd Street to Tennessee Street. (Public Utilities Commission)

(Fiscal impact.)

9/13/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Christine Tang, Public Utilities Commission;

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011664 [Acquisition - Noise Easements]

Resolution authorizing the acquisition of seventy (70) noise easements for sixty nine (69) properties in South San Francisco and one (1) in the unincorporated area of the County of San Mateo as part of the San Francisco Airport's Noise Insulation Program. (Real Estate Department)

9/18/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst;; Marc McDonald, Director of Property, Real Estate Division, Department of Administrative Services.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011669 [Public Utilities Commission Land Exchange]

Resolution approving an exchange of pipeline easement land with Hayward-Oliver Owners, LLC related to property located in the City of Hayward, County of Alameda, State of California, and authorizing the quitclaim of the interest of the City and County of San Francisco in a strip of land 20 feet wide located along the westerly side of an existing easement area, in exchange for a grant of easement rights in a similar strip of land 20 feet wide located along the easterly side of the existing easement area plus certain additional surface use rights to City, and adopting findings pursuant to City Planning Code Section 101.1. (Real Estate Department)

9/19/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marc McDonald , Director of Property, Real Estate Division, Department of Administrative Services; Theodore Lakey, Deputy City Attorney.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011649 [Agreement to convey former Central Freeway Parcels to Redevelopment Agency]

Mayor

Resolution approving and authorizing an agreement with the Redevelopment Agency of the City and County of San Francisco for the sale and grant of an option to purchase certain real property formerly occupied by the Central Freeway for the purpose of affordable housing; adopting findings pursuant to the California Environmental Quality Act; adopting findings that the conveyance is consistent with the City's general plan and eight priority policies of City Planning Code section 101.1; and authorizing the Director of Property to execute documents and take certain actions in furtherance of this resolution. (Mayor)

9/17/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Richard Hillis, Acting Director, Mayor's Office of Economic Development; Olsen Lee, Housing Manager, Redevelopment Agency; Michael Cohen, Deputy City Attorney; Mr. Moscovitch, Director, Transportation Authority; Patricia Walkup, Hayes Valley; Robin Levitt, Citizens Advisory Committee for Central Freeway Project; George R. Williams, San Francisco Organizing Project; Mark Solomon.

Amended on page 3, line 7, after "Project," by adding "including the costs of certain ancillary transportation improvements contemplated in Proposition I (the 'Ancillary Improvements')." Further amended on page 4, line 13, by adding "FURTHER RESOLVED, That the identification of an allocation of revenues for the Ancillary Improvements shall proceed according to Section 3(c) of Proposition I."

AMENDED.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011650 **[Agreement to sell and exchange former Centeral Freeway parcels]**

Mayor

Resolution approving and authorizing agreements for the sale at fair market value and for the exchange of certain real property formerly occupied by the Central Freeway; adopting findings pursuant to the California Environmental Quality Act; adopting findings that the conveyance is consistent with the City's general plan and eight priority policies of City Planning Code section 101.1; and authorizing the Director of Property to execute documents and take certain actions in furtherance of this resolution. (Mayor)

9/17/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Richard Hillis, Acting Director, Mayor's Office of Economic Development; Olsen Lee, Housing Manager, Redevelopment Agency; Michael Cohen, Deputy City Attorney; Mr. Moscovitch, Director, Transportation Authority; Patricia Walkup, Hayes Valley; Robin Levitt, Citizens Advisory Committee for Central Freeway Project; George R. Williams, San Francisco Organizing Project; Mark Solomon.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011651 **[Development strategy and issuance of RFPs]**

Mayor

Resolution endorsing the strategy for development of certain real property formerly occupied by the Central Freeway and the issuance of requests for proposals. (Mayor)

9/17/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Richard Hillis, Acting Director, Mayor's Office of Economic Development; Olsen Lee, Housing Manager, Redevelopment Agency; Michael Cohen, Deputy City Attorney; Mr. Moscovitch, Director, Transportation Authority; Patricia Walkup, Hayes Valley; Robin Levitt, Citizens Advisory Committee for Central Freeway Project; George R. Williams, San Francisco Organizing Project; Mark Solomon.

Amended on page 3 as follows:

On line 4, after "form," by adding "including a requirement to construct a minimum of 15 percent of the housing units as affordable housing."

On line 6, after "process," by adding "which includes a requirement to construct a minimum of 15 percent of the housing units as affordable housing."

On line 12, after "Strategy," by adding "conditioned on the development of a transportation element prepared in conjunction with the San Francisco County Transportation Authority, which transportation element shall be an element of the development strategy."

On line 15, after "Board," by adding "including a requirement to construct a minimum of 15 percent of the housing units as affordable housing, or to otherwise dispose of the parcels through a bid process which includes a requirement to construct a minimum of 15 percent of the housing units as affordable housing, following the completion of the Department of City Planning's Better Neighborhood 2002 Program; and, be it

"FURTHER RESOLVED, That the Mayor's Office of Economic Development, the Department of Real Estate and the Department of Public Works shall submit bi-annually to the Board of Supervisors a report describing (i) the current status of the Octavia Boulevard Project, (ii) the estimated and actual proceeds to the City from the sale of the 23 Central Freeway land parcels and the 14 parking leases, and (iii) the total estimated and actual Octavia Boulevard Project costs."

AMENDED.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

ADJOURNMENT

The meeting adjourned at 3:36 p.m.

.25

0/01

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST
1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

October 4, 2001

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: October 10, 2001 Finance Committee Meeting

Item 1 – File 01-1698

1. This is a hearing requesting the Controller to provide the Finance Committee with a briefing on first quarter revenue figures and to consider the impact of a slowing economy and the events of September 11, 2001 on the local economy.

2. As of the writing of this report, the Controller's Office has not completed its review of first quarter revenues and the potential effect on the City budget. According to Mr. Matthew Hymel, Chief Assistant Controller, the Controller will report directly to the Finance Committee on this matter at the Committee's meeting of October 10, 2001.

Item 2 - File 01-1642

Department: Mayor's Office of Public Finance
Mayor's Office of Disability
Department of Public Works (DPW)
Department of Parking and Traffic (DPT)

Item: Resolution determining and declaring that the public interest and necessity demand the financing of street resurfacing, curb ramp construction, sidewalk improvement and street structure improvement projects and all other aspects necessary or convenient for the foregoing purposes, that the estimated cost of $150,000,000 is and will be too great to be paid out of the ordinary annual income and revenue of said City and County and will require the incurring of a bonded indebtedness; finding the proposed project is in conformity with the priority policies of Planning Code Section 101.1(b) and with the General Plan consistency requirement of Administrative Code Section 2A.53.

Amount: $150,000,000

Description: Under the California Government Code and the San Francisco Administrative Code, prior to issuing General Obligation Bonds, the Board of Supervisors must adopt a resolution, determining and declaring the public interest and necessity for incurring bond indebtedness, including the purpose and amount of the proposed debt. The Board of Supervisors must adopt the resolution not less than 141 days before the election at which time the voters of San Francisco will consider the proposed General Obligation Bonds. Therefore, the Board of Supervisors must adopt the proposed resolution determining and declaring that the public interest and necessity justifies the incurring of bond indebtedness on or before October 15, 2001, to submit the proposed General Obligation Bond measure for a vote by the San Francisco electorate for the March 5, 2002 election.

Approval of the proposed resolution would (a) determine and declare that the public interest and necessity demand the financing of street resurfacing, curb ramp construction, sidewalk improvement and street

improvement projects, (b) find that the estimated cost of $150,000,000 can not be paid from ordinary City revenues, requiring the incurrence of bond indebtedness, and (c) find that the proposed pedestrian safety and street resurfacing projects conform with Section 101.1(b) of the City Planning Code and with the City's General Plan.

Comments:

1. In July of 2001, the Board of Supervisors adopted a resolution (File 01-0888), establishing the Pedestrian Safety and Street Resurfacing Working Group. The Working Group, which has twelve members appointed by the Board of Supervisors, was charged with (a) reviewing the existing and projected capital needs related to the backlog of pedestrian safety, disability access, bicycle safety, street resurfacing, and school area safety projects, and (b) reporting to the Board of Supervisors and to the San Francisco Transportation Authority on existing and potential funding sources for such capital projects, including issuing General Obligation bonds. The Working Group is in the process of preparing a street and sidewalk improvement proposal, which will tentatively be submitted to the Capital Improvement Advisory Committee (CIAC) on October 17, 2001. The tentative proposal would allocate bond funds to the following projects:

Proposed Type of Improvement	Approximate Allocation of General Obligation Bond Proceeds
School safety projects	$10,000,000
Curb ramps	32,000,000
Street resurfacing	50,000,000
Livable Street projects	36,000,000
Bicycle projects	8,000,000
Better Neighborhoods 2002	12,000,000
Bond issuance costs	2,000,000
Total	$150,000,000

As of the writing of this report, the Working Group has not approved a final proposal and the CIAC has not yet reviewed the proposal.

2. School safety projects would include such projects as improved signage and high-visibility ladder style crosswalks, sidewalk bulb-outs[1], mini-traffic circles, speed bumps, and curb ramps. Livable Street projects would include similar projects, such as sidewalk corner bulb-outs, improved signage, planting of street trees, and curb ramps. Bicycle projects would include bicycle parking facilities, and innovative treatments to existing streets to improve bicycle safety and access. Better Neighborhoods 2002 would include discreet pedestrian safety projects in the neighborhoods.

3. Under the Working Group's tentative proposal, approximately $50,000,000, or 33 percent, of the $150,000,000 in General Obligation Bond proceeds would be allocated to City street resurfacing. Currently, DPW uses a Pavement Management and Mapping System (PMMS) to set priorities for resurfacing City-maintained streets. Priorities for resurfacing streets are determined by pavement conditions, type of street use, average daily traffic, and transit routes. According to Ms. Tina Olson of DPW, the City would need to expend an estimated $29,500,000 annually on street resurfacing to maintain City streets in optimal condition. Ms. Olson states that, presently, DPW budgets approximately $15,300,000 annually in combined State, Federal, and local sales tax funding for resurfacing streets, which is $14,200,000 less than the estimated annual average cost for street resurfacing of $29,500,000.

4. According to Ms. Monique Moyer of the Mayor's Office of Public Finance, the City Charter provides for a legal debt limit of three percent of net assessed property value. The Mayor's Office of Public Finance has calculated the City's Debt Limit as follows:

[1] Bulb-outs are sidewalk extensions used to slow (or calm) traffic at street intersections or pedestrian crossings.

Net Assessed Property Value	$87,262,335,367
Three Percent Debt Limit	$2,617,870,061
Estimated Outstanding General Obligation Bonds	$974,440,000
FY 2001-2002 Remaining Debt Capacity	$1,643,430,061

Currently, the City has $951,845,000 in authorized General Obligation Bonds that have not yet been issued. The Budget Analyst notes that, if the City were to issue the authorized General Obligation Bonds in the amount of $951,845,000 in FY 2001-2002, the FY 2001-2002 Remaining Debt Capacity would be $691,585,061 ($1,643,430,061 less $951,845,000). If the subject bond issue of $150,000,000 proposed for the March 5, 2002, ballot were to be approved by the voters, and all $150,000,000 in bonds were issued in FY 2001-2002, the remaining General Obligation bonding capacity would be $541,585,061 ($691,585,061 less $150,000,000).

5. Section 3 of the proposed resolution states that the Board of Supervisors finds and declares that the proposed project is (1) in conformity with the priority policies of Section 101.1(b) of the City Planning Code and (2) in accordance with Section 2A.53(f) of the City Administrative Code, that the proposed project is consistent with the City's General Plan and adopts the findings of the City Planning Department as set forth in the City General Plan Referral Report, prepared by the Planning Department. Mr. Steve Shotland of the Planning Department states that the Planning Department has not yet received the General Plan Referral from the Pedestrian Safety and Stret Resurfacing Working Group. According to the Office of the Sponsor, an Amendment of the Whole will be submitted at the October 10, 2001, Finance Committee meeting, deleting Section 3 of the subject resolution.

6. According to Mr. Matthew Hymel of the Controller's Office, if $150,000,000 in bonds were to be issued, the debt service on the bonds would result in an increase in

the Property Tax rate of approximately $0.01388 per $100 of assessed value. At this rate, the owner of a single-family residence assessed at $400,000, assuming the $7,000 homeowner's exemption, would pay an average of $54.53 in additional annual Property Taxes beginning in FY2001-2001.[2]

7. If the proposed resolution is approved, the Board of Supervisors must adopt an ordinance to submit the proposed issuance of the General Obligation Bonds to the voters not less than 99 days before the March 5, 2001 election, pursuant to the Administrative Code. Therefore, the Board of Supervisors must adopt such ordinance on or before November 26, 2001.

8. If the electorate approves the proposed General Obligation Bonds, the subsequent issuance and sale of such bonds would require approval by the Board of Supervisors. Furthermore, expenditure of any of the proceeds of the proposed General Obligation Bonds would also require appropriation approval by the Board of Supervisors.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

[2] This estimate of the impact on the property tax of a household of the proposed General Obligation Bonds assumes that the entire bond amount of $150,000,000 would be issued upon approval by the San Francisco voters. According to the Controller's Office, the debt service on $150,000,000 over a twenty year period would be approximately $12,400,000 annually.

Departments: Department of Parking and Traffic (DPT)
Real Estate Division

Item: Resolution approving the award by the Department of Parking and Traffic of a management agreement for the City-owned Vallejo Street Garage and the new City-owned North Beach Garage to Pacific Park Management Incorporated.

Location: The Vallejo Street garage is located at 766 Vallejo Street between Powell and Stockton Streets. The new North Beach Garage is located at 735 Vallejo Street between Powell and Stockton Streets, across the street from the Vallejo Street Garage.

Purpose of Management Agreement: To provide for the operation and maintenance of the Vallejo Street Garage and the new North Beach Garage, two City-owned parking garages, with a combined total of 330 parking spaces. The Vallejo Street Garage has 127[1] parking spaces, which is approximately 38.5 percent of the total parking spaces. The new North Beach Garage will have 203 parking spaces, or 61.5 percent of the total parking spaces.

Description: The proposed resolution would award the management agreement for the Vallejo Street Garage and the new North Beach Garage, two of the 18 City-owned parking garages, to Pacific Park Management Incorporated.

Vallejo Street Garage

The Vallejo Street Garage is open to the public seven days per week for 12 hours per day, Sunday through Thursday from 10 a.m. to 10 p.m. and 16 hours per day, Friday and Saturday from 10 a.m. to 2 a.m. Currently, the Vallejo Street Garage is managed by the City Parking Company under a month-to-month holdover provision of a five-year management agreement that commenced on September 1,

[1] Although the Vallejo Street Garage has a total of 162 parking spaces, the proposed management agreement would apply to only 127 parking spaces. The City's Police Department occupies the remaining 35 parking spaces with its emergency vehicles because of the close proximity of the Vallejo Street Police Station, located at 766 Vallejo Street, to the Vallejo Street Garage. There is no formal agreement between DPT and the Police Department regarding this arrangement for 35 parking spaces.

1993 and expired on August 31, 1998. According to Mr. Steven Lee of DPT, the existing management agreement has been held over on a month-to-month basis since August 31, 1998 because DPT was waiting to enter into a new management agreement for both the Vallejo Street Garage and the new North Beach Garage upon the completion of the new North Beach Garage. According to Mr. Lee, the North Beach Garage is anticipated to be open for operations on January 1, 2002.

North Beach Garage

The old North Beach Garage, built in 1919 with 82 parking spaces, was demolished in 1998 to build a new, larger parking garage. As noted above, Mr. Lee reports that DPT anticipates that construction of the new North Beach Garage will be completed and the garage will be open to the public by January 1, 2002. The new North Beach Garage will be open to the public seven days per week for 24 hours per day.

Amount Payable by The City to Pacific Park Management Incorporated:

Management Fee

Under the proposed management agreement, the City would pay Pacific Park Management Incorporated a fixed management fee of $37,762.76 per month which is $453,144[2] for calendar year 2002 and each subsequent year of the proposed three-year management agreement, to operate and maintain the two garages. This fixed management fee of $453,144 is 20.6 percent of total estimated annual gross revenues of $2,200,000 for both garages. As shown in Attachment I, provided by DPT, the management fee for the Vallejo Street Garage is $181,258 and the management fee for the new North Beach Garage is $271,886 for calendar year 2002 and each subsequent year of the proposed three-year management agreement.

Proprietary Expenses

As shown in Attachment I, the City would also pay Pacific Park Management Incorporated proprietary expenses of an estimated $6,125 per month or $73,500 for calendar

[2] Rounded from $453,153.12.

year 2002 and each subsequent year of the proposed three-year management agreement. Section 2.33 of the proposed management agreement defines proprietary expenses as *"...all capital expenditures, all electricity billings and all insurance and bond premiums specifically approved by the Director* [of the Parking Authority] *as a proprietary expense."* Insurance consists of property insurance, business interruption insurance, and boiler and machinery insurance. According to Section 10.7 of the proposed management agreement, *"All Proprietary Expenses shall be the obligation of the City."* Of the estimated $73,500 payable for proprietary expenses for calendar year 2002 and each subsequent year of the proposed three-year management agreement, $33,500 will be paid for the Vallejo Street Garage and $40,000 will be paid for the new North Beach Garage. As explained in a memorandum of October 1, 2001 from Mr. Lee (Attachment II), DPT does not anticipate a change in proprietary expenses over the three-year term of the proposed management agreement because (a) DPT has accounted for the potential fluctuation in the market price of electricity in the estimated proprietary expenses and (b) DPT does not foresee an increase in the actual insurance costs for the Vallejo Street Garage and the anticipated insurance costs for the new North Beach Garage.

Total Estimated Amount to be Paid Each Year by the City to Pacific Park Management

The City would pay Pacific Park Management Incorporated an estimated $526,644 for calendar year 2002 and each subsequent year of the proposed three-year management agreement to manage the two garages, including $453,144 for the fixed management fee and an estimated $73,500 in proprietary expenses.

Estimated Annual Gross Revenues[3]: Approximately $2,200,000 in calendar year 2002 and each subsequent year of the proposed three-year management agreement. As stated by Mr. Lee in Attachment II, DPT estimates the same amount of $2,200,000 in gross revenues in 2003 and 2004 because "Given the current

[3] Gross revenues equal gross receipts less Parking Taxes.

downturn in the economy, we were conservative and don't anticipate growth for the term of the Management Agreement." As shown in Attachment I, the Vallejo Street Garage is anticipated to generate an estimated $880,000 per year in gross parking revenues and the North Beach Garage is anticipated to generate an estimated $1,320,000 in gross parking revenues.

Estimated Annual Net Income to the City[4]: $1,673,356 ($665,242 from the Vallejo Street Garage and $1,008,114 from the North Beach Garage) in calendar year 2002 and each subsequent year of the proposed three-year management agreement based on an estimated $2,200,000 in gross receipts less $453,144 for the fixed management fee and less $73,500 for estimated proprietary expenses. Anticipated annual net income to the City, as shown in Attachment I, does not consider annual debt service for the new North Beach Garage of $418,000 in calendar year 2002, and $650,000 in calendar years 2003 and 2004. When this annual debt service is taken into account, the estimated annual net income to the City becomes $1,255,356 ($1,673,356 less $418,000) in calendar year 2002 and $1,023,356 ($1,673,356 less $650,000) in calendar years 2003 and 2004. Mr. Lee reports that debt service for the North Beach Garage will be paid off by June 15, 2022. There is no debt service on the Vallejo Street Garage, according to Mr. Lee.

Incentive Fee: As noted above, annual gross revenues are anticipated to total $2,200,000 in calendar year 2002 and each subsequent year of the proposed three-year management agreement. If annual gross revenues exceed $2,200,000, then, in addition to the fixed management fee of $453,144 and the estimated proprietary expenses of $73,500, the City would also pay Pacific Park Management Incorporated 15 percent of gross revenues exceeding $2,200,000. If annual gross revenues exceed $2,400,000, then the City would pay Pacific Park Management Incorporated 20 percent of gross revenues exceeding $2,400,000. However, the incentive fee payable to Pacific Park Management Incorporated could not exceed

[4] Net income to the City equals gross revenues less management fees and proprietary expenses.

$100,000 for any year under the proposed three-year management agreement.

Term of Agreement: Three years commencing on the opening of the new North Beach Garage, anticipated to be January 1, 2002, and expiring on December 31, 2004. The term of the proposed management agreement could be extended annually for two additional years upon mutual written agreement between the Director of the Parking Authority and Pacific Park Management Incorporated. Upon the expiration of the second one-year extension, the management agreement may be further extended on a month-to-month basis. According to Section 4.3 of the proposed management agreement, *"Any holding over after the expiration of the initial term or either extension shall extend this Management Agreement on a month-to-month basis. Such holding over period shall be on the same terms and conditions of this Management Agreement and the Management Fee paid to Management shall be at the rate in effect during the most recently expired term. Any such period beyond twelve months must be approved by the* [Parking and Traffic] *Commission."* In accordance with the terms of the proposed management agreement, the agreement could be extended indefinitely on a month-to-month basis without obtaining approval of the Board of Supervisors. Therefore, the Budget Analyst recommends that the proposed management agreement be amended to require Board of Supervisors approval to extend the agreement on a month-to-month basis for any such period beyond the initial 12 months of a month-to-month extension.

According to Section 17.1 of the proposed management agreement, the termination provisions are as follows: *"No sooner than eighteen (18) months after the commencement date of this Management Agreement, the Director* [of the Parking Authority] *shall have the right to terminate this Management Agreement, with or without cause, by providing at least one hundred eighty (180) days prior written notice to the Manager of the City's election. Termination shall be effective upon the expiration of the 6-month notice period or at such later date as is specified in the notice. Notwithstanding the foregoing, the Director* [of the Parking Authority] *shall have the right to terminate*

immediately this Management Agreement upon an Event of Default."

Capital Improvement Costs:

Capital improvement costs are estimated at $250,000 for the Vallejo Street Garage, of which Pacific Park Management Incorporated is required to pay the first $50,000 and DPT would pay an estimated $200,000. According to Section 8.2 of the proposed management agreement, *"Manager shall complete the capital improvements within twelve (12) months of the date hereof unless the Director grants a written extension. The estimated cost of such capital improvements is approximately $250,000, however, no assurance can be given that such capital improvements will not exceed the estimated cost. Notwithstanding anything in this Management Agreement to the contrary, the costs and expenses incurred by Manager in the performance by it of the obligations set forth in this Section shall be paid as follows: the first $50,000 shall be deemed to be an 'Operating Expense' with the balance deemed a 'Proprietary Expense' under this Management Agreement."* Under the proposed management agreement, capital improvement costs could exceed $250,000 over the three-year term of the agreement. The Budget Analyst recommends that the proposed management agreement be amended to require that capital improvement costs cannot exceed $250,000 over the three-year term of the agreement without first obtaining prior approval of the Board of Supervisors.

Capital improvements include retrofitting the existing lighting system, restriping and painting the interior of the garage and waterproofing the roof and 4th floor levels. Mr. Lee advises that there will be no additional capital improvement costs for the new North Beach Garage.

Comments:

1. According to Mr. Charles Sullivan of the City Attorney's Office, the inclusion of a provision which authorizes the Director of the Parking Authority to make certain modifications, changes, or additions to the management agreement, subsequent to the approval of this proposed legislation by the Board of Supervisors, without further approval from the Board of Supervisors,

is standard language in parking management agreements. Mr. Sullivan advises that this language is intended to allow the Director of the Parking Authority to make non-substantive changes to the proposed management agreement, upon consultation with the City Attorney, without the need for additional approval by the Board of Supervisors.

2. As previously noted, the Vallejo Street Garage is currently operated by City Parking Company under a month-to-month holdover provision of a five-year management agreement that expired on August 31, 1998. Under the provisions of the existing management agreement, the City pays to the City Parking Company a management fee of 32.7 percent of gross revenues generated by the operation of the Vallejo Street Garage. Attachment I shows the amount paid to the City Parking Company in calendar years 1999 and 2000, and the anticipated amount to be paid to the City Parking Company in calendar year 2001. In calendar year 2001 under the existing management agreement, the management fee is estimated to be $316,204 or 32.7 percent of gross revenues and the proprietary expenses are estimated at $230,000 or 23.8 percent of gross revenues. The total estimated amount payable to City Parking Company for calendar year 2001 including the management fee and proprietary expenses is an estimated $546,204 or 56.5 percent of gross revenues for managing the Vallejo Street Garage.

As previously noted, under the proposed management agreement, the City would pay Pacific Park Management Incorporated in calendar year 2002 and each subsequent year of the proposed three-year management agreement a fixed management fee rather than a percentage of gross revenues. The fixed management fee of $453,144, results in Pacific Park Management Incorporated receiving 20.6 percent of the estimated annual gross revenues of $2,200,000 to manage both the Vallejo Street Garage and the new North Beach Garage. The City would also pay to Pacific Park Management Incorporated an estimated $73,500 annually for proprietary expenses in calendar year 2002 and each subsequent year of the proposed three-year management agreement which would be 3.3

percent of the estimated annual gross revenues. This total estimated annual payment of $526,644 ($453,144 plus $73,500) in calendar year 2002 and each subsequent year of the proposed three-year management agreement to manage both the Vallejo Street Garage and the new North Beach Garage is approximately 23.9 percent of the estimated annual gross revenues of $2,200,000 and is $19,560 or 3.6 percent less than the $546,204 in management fees and proprietary expenses that the City is projected to pay to City Parking Company in calendar year 2001 just to manage one garage, the Vallejo Street Garage.

3. As shown in Attachment I, in calendar year 2001 under the existing management agreement, the Vallejo Street Garage is projected to generate net income to the City of $420,780. In calendar year 2002 and each subsequent year of the proposed three-year management agreement, the Vallejo Street Garage is projected to generate net income to the City of $665,242 under the proposed management agreement, which is $244,462 or 58.1 percent more than the $420,780 projected to be generated in calendar year 2001 under the existing agreement. According to Mr. Lee, this projected increase in net income to the City results because under the proposed management agreement, DPT will keep all parking revenues and pay the parking operator a fixed management fee to operate the Vallejo Street Garage instead of paying a management fee based on a percentage of the gross parking revenues that is currently being paid under the existing management agreement. In addition, under the existing management agreement, proprietary expenses include valet services and expenses related to 24-hour operations, which will both cease when the new North Beach Garage opens. Instead, under the proposed management agreement, the Vallejo Street Garage will operate seven days per week for 12 hours per day, Sunday through Thursday from 10 a.m. to 10 p.m. and 16 hours per day, Friday and Saturday from 10 a.m. to 2 a.m. The new North Beach Garage will be open seven days per week for 24 hours per day. Mr. Lee advises that Section 5.2 of the proposed management agreement does include provisions to allow for additional services, which could include valet services, extended operating hours or

additional personnel to be provided at the Vallejo Street and/or North Beach Garages. According to Mr. Lee, compensation for such additional services would be at cost plus ten percent of the actual labor costs as stated in Section 5.2 of the proposed management agreement.

4. According to Mr. Jerry Romani of the Real Estate Division, on March 3, 2001, the Real Estate Division (RED), on behalf of DPT, issued an Invitation for Bids to 200 parking companies for the management of the Vallejo Street Garage and the North Beach Garage. Attachment III, provided by DPT, lists the 17 firms that requested bid packages from RED, the 11 firms that submitted pre-qualification questionnaires and the eight firms that submitted bids which were received by RED on June 15, 2001. The bid amounts represent the monthly fixed management fee payable by DPT to the parking operator. As noted in Attachment III, Pacific Park Management Incorporated submitted the lowest monthly management fee bid of $33,986.48 after their original bid of $37,762.76 was adjusted by the Human Rights Commission by 10 percent since Pacific Park Management Incorporated is a locally-owned minority business enterprise (LBE/MBE) firm. According to Mr. Lee, the Human Rights Commission evaluated only the three lowest bids submitted. Therefore, Mr. Lee advises that the bids from the other five parking operator firms were listed as "not in contention" in Attachment III. Mr. Lee further advises that the lowest bid was from PPS Parking, a firm that was "not certified" as a locally-owned minority business enterprise (LBE/MBE) firm by the Human Rights Commission, as shown in Attachment III. Therefore, the bid of PPS Parking of $35,000 was higher than the adjusted bid of $33,986.48 for Pacific Park Management Incorporated.

5. Attachment IV, provided by DPT, lists the parking rates at the Vallejo Street Garage and the new North Beach Garage as previously approved by the Board of Supervisors on June 4, 2001 (File 01-0868). Mr. Lee notes that these parking rates have been in effect for the Vallejo Street Garage since September 1, 2000, prior to approval

by the Board of Supervisors.[5] Mr. Lee reports that the parking rates for the new North Beach Garage will become effective when the garage begins operations which is anticipated to be on January 1, 2002.

Recommendations:

1. In accordance with the Term of Agreement Section of this report, request the Parking and Traffic Commission to amend the subject management agreement by adding a provision which requires Board of Supervisors approval prior to the Parking and Traffic Commission and Pacific Park Management Incorporated agreeing to extend the management agreement on a month-to-month basis for any period beyond 12 months.

2. In accordance with the Capital Improvement Costs Section of this report, request the Parking and Traffic Commission to amend the subject management agreement by adding a provision that capital improvement costs cannot exceed $250,000 over the three-year term of the management agreement without first obtaining prior approval of the Board of Supervisors.

3. Continue the proposed resolution to the Call of the Chair, pending approval by the Parking and Traffic Commission to amend the subject management agreement in accordance with Recommendation Nos. 1 and 2 above.

[5] In accordance with Section 17.14 of the Administrative Code, the Parking and Traffic Commission can establish parking rates at City-owned parking facilities on a trial basis for a period of up to 360 days, without first obtaining approval of the Board of Supervisor.

Vallejo Street Garage Revenue

City Parking Company (Management Fee = 32.7% of Gross Revenue)				
Calendar Year	Gross Revenue (after parking tax)	Management Fees	Proprietary Expenses	Net City Income
1999	$937,349	$306,513	$129,041	$501,795
2000	$979,018	$320,139	$154,396	$504,483
2001*	$966,983	$316,204	$230,000	$420,780

* 2001 Figures are January thru July actual and forecasted for August thru December. Valet Services and additional operating hours (part of proprietary expenses) will discontinue when the North Beach Garage is operational. Average monthly costs = $13,000.

New Management Agreement (Management Fee = $453,144/yr for both garages)				
Anticipated Annual	Target Gross Revenue	Management Fees	Proprietary Expenses	Net City Income
Vallejo Street @ 40%	$880,000	$181,258	$33,500	$665,242
North Beach @ 60%	$1,320,000	$271,886	$40,000	$1,008,114

Target Gross Revenue = $2,200,000.
Vallejo Street Proprietary Expense = $33,500 ($30,000 electricity & $3,500 insurance).
North Beach Proprietary Expense = $40,000 ($36,000 electricity & $4,000 Insurance).
Revenue and Expenses are projected through the three-year term of the Management Agreement. The anticipated proprietary expenses are direct costs related to each garage and not a percentage of totals.
North Beach Garage Annual Debt Service for calendar year 2002 = $418,000, thereafter = $650,000 through June 15, 2022. Net City Income does not reflect payment of debt service.

Insurance
Attached is a memorandum to the proposers from the Real Estate Division dated June 8, 2001 that identifies insurance items that are included in the management fee. The Property insurance, including Business Interruption insurance, and Boiler and Machinery insurance are costs paid by the City above the management fee. The annual premium at the Vallejo Street Garage is $3,500.00 and should be slightly higher for the North Beach Garage.

Date of Advertisement
The Real Estate Division advertised on March 3rd, and 6th, of 2001 in the San Francisco Independent. Notices of the Invitation to Bid were sent out to about 200 parties that are on the mailing list.

Please call me if you have any questions.

Attach.

H:\PARKING\Garages\Vallejo Street\Memo to A.Weinstein budget analyst.doc

City and County of San Francisco

Real Estate Division
Administrative Services Department

MEMORANDUM

June 8, 2001

VIA FACSIMILIE

TO: Prospective Bidders
North Beach-Vallejo Street Garage Bid

FROM: Jerry Romani JR
Principal Real Property Officer

SUBJECT: Insurance Costs

You were previously advised that the cost of all insurance and bonds was a proprietary expense. As such, the cost of the insurance and bonds would not comprise a portion of your bid. However, we now request that you include the cost of the comprehensive general liability insurance, business automobile liability insurance, garage-keeper's legal liability insurance, Workers' Compensation Insurance, blanket fidelity bond and faithful performance surety bond, as specified in Article 12 of the subject management agreement, in your bid as an operating expense. The cost of property insurance, including business interruption insurance, and boiler and machinery insurance, also specified in Article 12, will remain as a proprietary expense and should not be included in your bid.

Should you have any questions, please contact me at (415) 554-9876.

cc: Ron Szeto, Parking Authority
Steven Lee, Parking Authority

(415) 554-9850
FAX: (415) 552-9216

Office of the Director of Property
25 Van Ness Avenue, Suite 400

San Francisco, 94102

City and County of San Francisco

AN FRANCISCO
DPT
EPARTMENT OF PARKING & TRAFFIC

ILLIE LEWIS BROWN, JR., Mayor
RED M. HAMDUN, EXECUTIVE DIRECTOR

ONALD SZETO, ACTING DIRECTOR, PARKING AUTHORITY

MEMORANDUM

DATE: October 1, 2001

TO: Anna Weinstein
Budget Analyst Office

FROM: Steven Lee
Principal Analyst
SF Parking Authority

RE: **Award of the North Beach Garage and Vallejo Street Garage Management Agreement to Pacific Park Management, Inc.**

This memorandum is a supplement to the memo dated September 25, 2001 that addressed the subject matter and additional information that you requested.

In response to your questions in regard to a projection of growth in the revenues and expenses, we have determined that a conservative projection is the most prudent approach. Below are specific answers to your questions.

Question – Why did we not project growth for years 2002 and 2003 of the Management Agreement?

Answer – Given the current downturn in the economy, we were conservative and do not want to anticipate growth for the term of the Management Agreement. However, we are noticing that the smaller neighborhood garages are able to maintain their current status. As this fiscal year progresses and we are able to gather more information, we will include growth, if apparent, within our FY 2002-2003 Budget projections.

Question – Why are the proprietary expenses for electrical and insurance constant for the term of the Management Agreement?

15) 554-PARK FAX (415) 554-9834 25 Van Ness Avenue, Suite 410 San Francisco, CA 94102-4578

Answer – We decided to make the electrical costs a proprietary expense so that the City would realize costs savings, if any, from a lighting retrofit or reduction in electricity rates. On the other hand, if the electrical costs were to dramatically increase, the operator may not be able to financially cope with this unforeseen increase. At this time, the electrical costs have already increased from the prior year and we do not foresee anymore significant increases through the term of the Management Agreement.
The cost of insurance for the Vallejo Street Garage is one of eleven garages insured through the City's Risk Manager. We do not foresee an increase in the insurance costs for the Vallejo Street Garage for the term of the Management Agreement. At this time, we can only anticipate that the electrical and insurance cost for the North Beach Garage would be slightly higher than the Vallejo Street Garage with the same reasons for the projections.

The revised Exhibit B – Parking Rate Schedule for the North Beach Garage and the Vallejo Street Garage is attached. The revised Parking Rate Schedule reflects what is approved by the Board of Supervisors.

Please do not hesitate to call me at 554-9869 if you have further concerns or questions.

Attach.

H:\PARKING\Garages\Vallejo Street\Memo to A.Weinstein re Vallejo&North.doc

SAN FRANCISCO
DPT
DEPARTMENT OF PARKING & TRAFFIC

City and County of San Francisco

WILLIE LEWIS BROWN, JR., Mayor
FRED M. HAMDUN, EXECUTIVE DIRECTOR

RONALD SZETO, ACTING DIRECTOR, PARKING AUTHORITY

MEMORANDUM

DATE: September 19, 2001

TO: Anna Weinstein
Budget Analyst Office

FROM: Steven Lee
Principal Analyst
SF Parking Authority

RE: **Award of the North Beach Garage and Vallejo Street Garage Management Agreement to Pacific Park Management, Inc.**

Per our discussion, the following are the items of clarification that you requested.

Interested Firms

	Picked-up Bid Package	11 Submitted Pre-qualification	Submitted Bid	Adjusted for HRC Bid Discount
1	ABC Parking, Inc.			
2	Beach Parking	Yes		
3	Central Parking System			
4	City Park Management			
5	City Parking Company	Yes	$41,753.00	Not in contention
6	Daja, Inc.	Yes	$41,249.76	Not in contention
7	Douglas Parking, LLC			
8	Five Star / Elite Parking	Yes	$42,071.00	Not in contention
9	Imperial Parking	Yes (withdrew)		
10	NM Parking	Yes	$36,836.00 (withdrew)	Withdrew bid
11	Pacific Park Management	Yes	$37,762.76	$33,986.48 w/10%
12	Parking Concepts, Inc.	Yes	$44,348.00	Not in contention
13	Pro Park			
14	PPS Parking	Yes	$35,000.00	$35,000 not certified
15	Royal Valet Parking	Yes	$51,918.00	Not in contention
16	U.S. Parking	Yes		
17	Universal Parking			

(4) 554-PARK FAX (415) 554-9834 25 Van Ness Avenue, Suite 410 San Francisco, CA 94102-4576

City and County of San Francisco

Willie Lewis Brown, Jr.
Mayor

Human Rights Commission
Contract Compliance
Dispute Resolution/Fair Housing
Minority/Women/Local Business Enterprise
Lesbian Gay Bisexual Transgender & HIV Discrimination

Virginia M. Harmon
Interim Director

MEMORANDUM

To: Jerry Romani, Department of Real Estate
Ron Szeto, Parking & Traffic

From: Bayard Fong
Contract Compliance Officer

Date: July 12, 2001

Re: *Ratings Discounts for the North Beach Garage-Vallejo St. Garage Bid.*

HRC has conducted a review of the top three ranked proposals on the above-identified solicitation to determine compliance with the Chapter 12D.A MBE/WBE/LBE discount and subcontracting requirements. It should be noted that due to the size and scope of this project, the MBE/WBE subconsulting goals were waived.

Based on the Chart below we have made the following findings:

Although PPS Parking had the lowest bid, it did not apply for a rating discount. The next bidder NM Parking has withdrawn its bid. The third bidder, Pacific Park Management - claimed a 10% LBE/MBE rating discount on HRC Form 1. Pacific Park Management is HRC certified as an MBE. Therefore, Pacific Park Management is eligible for a 10% rating discount. Incorporating the discount moves Pacific Park Management into first position.

Proposer	Bid	HRC Rating D	HRC%	Adjusted Bid	Rank
PPS Parking -	$35,000	No	0	$35,000	2
NM Parking -	$36,836	Yes	10	(32,153) withdrew	-
Pacific Park -	$37,762	Yes	10	$33,986	1

In addition, Pacific Park Management is in the process, of coming into compliance with Chapter 12B. Assuming this is completed, Pacific Park Management will be eligible for consideration of award.

If you have any further questions, please don't hesitate to call me. Your cooperation is greatly appreciated.

Cc: Diana Rathbone, HRC
Virginia Harmon, HRC

25 Van Ness Avenue
Suite 800
San Francisco
California 94102-6033

TEL (415) 252-2500
FAX (415) 431-5764
TDD (415) 252-2550
http://www.sfhumanrights.org

TOTAL P.02

Exhibit B
North Beach Garage
Vallejo Street Garage
Parking Rate Schedule

HOURLY PARKING

Day Rates (7am to 7pm) Monday through Saturday

1 Hour	$1.50
2 Hours	$3.25
3 Hours	$5.25
4 Hours	$7.50
5 Hours	$9.50
6 Hours	$12.00
7+ Hours	$15.00

Evening Rates (7pm to 7am) Monday through Saturday
Sunday and Holiday Rates (all day)

1 Hour	$2.50
2 Hours	$5.00
3 Hours	$7.50
4 Hours	$10.00
5+ Hours	$12.50

24 Hours	$27.50
Lost Ticket	$27.50

MONTHLY PARKING

Regular	$300.00
Carpool	$150.00

MISCELLANEOUS CHARGES

Late Monthly Payments	$25.00
Lost Access Card	$25.00
Access Card Deposit	$50.00
Damaged Access Card	$25.00
Reopening Fee	$50.00

Item 4 – File 01-1566

Department: Public Utilities Commission (PUC)

Item: Resolution to retroactively approve the expenditure of \$272,846 to construct a new sewer on Tennessee Street from Cesar Chavez Street approximately one-half block toward 26th Street and on Cesar Chavez Street from 3rd Street to Tennessee Street.

Amount: \$272,846

Sources of Funds: PUC Repair and Replacement Fund.

Description: The proposed resolution would retroactively authorize the PUC to expend \$272,846 to construct a new sewer on Tennessee Street from Cesar Chavez Street approximately one-half block toward 26th Street and on Cesar Chavez Street from 3rd Street to Tennessee Street. The PUC originally declared this project an emergency on March 22, 2001 (PUC Resolution No. 01-0117). According to the PUC, the emergency declaration was required because the existing sewer was in eminent danger of collapse and did not have a legal easement. The PUC reports that the situation posed a potentially significant liability issue for the City if the sewer undermined a private construction project that was underway on the street above.

As a result of the damaged sewer, the emergency work required the following to be done:

- Construct 474 linear feet of 21-inch diameter vitrified clay pipe sewers on crushed rock bedding.
- Construct concrete manholes.
- Install cast iron water traps including clean-out caps for catch basins.
- Perform trench excavation support work.
- Handle, transport and dispose of hazardous wastes, toxic materials ad serpentine soils.
- Videotape newly constructed main sewers.
- Plug and fill existing sewers.
- Provide off-duty police officers for traffic control.
- Provide mobilization and demobilization.
- Restore pavement and trenches.

- Perform additional paving to mitigate damage to Cesar Chavez Street in accordance with special paving requirements of the City's Excavation Code.

In accordance with Section 6.60 of the Administrative Code, the PUC conducted an expedited contracting procedure. Invitations to bid were faxed to 12 contractors listed in the Attachment to this report, provided by the PUC. The table below is a summary of the five contractor bids received by the PUC:

PUC Contractor Bids

Contractor	Bid Amount	Bid Discount	Adjusted Bid
Harty Pipeline Inc.	$189,000	10%	$170,000
K.J. Woods Construction, Inc.	$234,000	5%	$222,300
J. Flores Construction	$257,342	10%	$231,607
Marinship Construction	$281,770	10%	$253,593
JMB Construction Inc	$338,020	10%	$304,218

The PUC awarded a contract to Harty Pipeline Inc., as the low bidder. The actual contract amount increased by $83,846 resulting in a final contract cost of $272,846.[1] Construction began on April 7, 2001 and was completed on May 10, 2001. According to the PUC, the increases in cost from the original contract amount totaling $83,846, were due to the following reasons:

- $73,404 to hire a specialized subcontractor for the removal and disposal of encountered hazardous materials (asbestos materials and hydrocarbon petroleum products; see Comment).[2]

- $10,793 for the contractor's a delay required to conduct a search for a proper disposal site for the hazardous waste excavated to pump heavy ground water and truck in new clean soil.

[1] In accordance with Chapter 6, Article IV, Section 6.60 of the San Francisco Administrative Code the PUC is required to obtain Board of Supervisor approval for all emergency contracts that exceed $250,000.

[2] During the course of the construction project, Harty Pipeline requested a project time extension of six days to accommodate the removal of 1,185 tons of hazardous soil. The original contract period was to last 28 days. The original project budget had a $5,000 allowance for the removal of hazardous materials.

- $351 for reductions to the actual cost from the bid price.

As previously stated, the proposed resolution seeks to retroactively authorize expenditure of the $272,846 to contract for emergency sewer repairs. The PUC has already made progress payments totaling $234,047 which is authorized under Chapter 6, Article IV, Section 6.60 of the Administrative Code in response to an emergency expenditure. The PUC is withholding a final payment of $38,799 to Harty Pipeline Inc., pending Board of Supervisors approval of this proposed resolution.

Comment: Ms Christine Tang of the PUC, states that the increased construction costs of $83,846 represent unavoidable costs arising out of the discovery of larger than anticipated quantities of hazardous materials. Ms. Tang also confirms that no other alternatives were available to the contractor other than the removal of the hazardous materials. Ms. Tang states that Waste Solutions Group, a specialized sub-contractor was obtained by Harty Pipeline Inc. to transport and dispose of the hazardous materials. According to Ms. Tang, the Department of Public Works' Bureau of Construction Management recommended Waste Solutions Group as a sub-contractor to Harty Pipeline Inc., the prime contractor. Of the total project cost of $272,841, Waste Solutions Group would be paid $66,731.

Recommendation: Approve the proposed resolution.

PROJECT NAME: Tennessee / Cesar Chavez Streets Emergency Sewer Construction (Contract No. CW-305E, Job No. 0197J)

BID INVITATION DATE AND TIME: March 21, 2001—18:54

COMPANIES INVITED TO BID:

1. A. Ruiz Construction Co.
2. D'arcy & Harty Construction, Inc.
3. Harty Pipelines, Inc.
4. JMB Construction
5. K. J. Woods Construction
6. Marinship Construction Services, Inc.
7. Shaw Pipelines, Inc.
8. Troy's Construction Co.
9. Uniacke Construction, Inc.
10. Vargas & Esquivel Construction, Inc.
11. J. Flores Construction
12. McNamara & Smallman Construction

Item 5 – File 01-1664

Departments: Airport
Administrative Services Department, Real Estate Division (RED)

Item: Resolution authorizing the acquisition of 70 noise easements for 69 properties in South San Francisco and one property in the unincorporated area of the County of San Mateo as part of the San Francisco Airport's Noise Insulation Program.

Amount: $355,000

Source of Funds: Airport Capital Projects Commercial Paper Fund

Description: According to Ms. Sally Osaki of the Airport, the State Airport Noise Standards (Title 21 Section 5000 et. seq. of the California Code of Regulations) prohibits the operation of an airport, if that airport has an average noise impact of greater than 65 decibels (dB) on properties that have "incompatible land uses" with regard to this noise, unless a variance or waiver is obtained by that airport from the California Department of Transportation. "Incompatible land uses" include residences, schools, hospitals, convalescent homes and churches in which the interior noise caused by airport operations averages above 65 dB. The State Airport Noise Standards have established a 45 dB interior noise standard for these incompatible land uses to become compatible land uses.

As summarized in the attached September 28, 2001 memorandum provided by Ms. Osaki, the State Airport Noise Standards now also require the Airport (1) to acquire noise easements for those residences and schools constructed after January 1, 1989, even if these residences already meet the interior 45 dB interior noise standard, (2) to acquire noise easements for a mobile home property, even if the mobile homes on the property cannot be adequately insulated to an interior noise standard of 45 dB, and (3) to also provide acoustical insulation for those properties built prior to January 1, 1989 that can achieve the 45 dB interior noise standard.

The proposed resolution would therefore authorize the Airport to acquire 69 noise easements in South San Francisco at a cost of $5,000 per easement, or a total cost of $345,000. According to Ms. Osaki, the $5,000 represents the one-time compensation paid by the Airport to the property owner to obtain a signed easement agreement from each property owner. Under the proposed arrangements, Ms. Osaki reports that each property owner would receive the same one-time compensation of $5,000, regardless of the differences in the size or value of the properties (i.e., mobile home or single family residence).

The proposed resolution would also authorize the Airport to acquire one easement to insulate one small private school in an unincorporated area of San Mateo County that was built prior to January 1, 1989. According to Ms. Osaki, the property owner of the school would be required to sign the subject easement agreement with the City in order to qualify to receive the available funding for noise insulation. As of the writing of this report, the Airport could not provide a specific cost estimate for installing the noise insulation in this one school property. However, Ms. Osaki advises that the total cost is not likely to exceed $50,000.

According to Ms. Osaki, if the proposed resolution is approved, Grants of Easement would be acquired from the owners of these 70 properties. Ms. Osaki advises that of the 69 properties located in South San Francisco, one is a mobile home park, that as noted above, cannot be adequately insulated to achieve an interior noise standard of 45 dB. The remaining 68 properties located in South San Francisco are individual residences that were built after January 1, 1989, and therefore Ms. Osaki advises that all of these 68 residences have been constructed with adequate insulation to achieve an interior noise standard of 45 dB.

Ms. Osaki reports that the one exception is the one property located in the unincorporated area of the County of San Mateo, which was previously not habitable space, but has recently been remodeled into a private school. Ms. Osaki advises that this one school property was originally

built prior to January 1, 1989 and was not originally constructed with adequate noise insulation to achieve an interior noise standard of 45 dB. Furthermore, Ms. Osaki reports that the recent remodeling did not include such noise insulation. Ms. Osaki therefore reports that after this one easement is granted to the Airport, the Airport would also provide funding to install the required noise insulation for the one private school, per the Airport's Noise Insulation Program.

Comments:

1. According to Ms. Osaki, the Airport, through its Noise Insulation Program, and in cooperation with neighboring municipalities and the County of San Mateo, has undertaken efforts to reduce noise levels for these incompatible land uses near the Airport, in order to comply with current California law. To date, as part of the Airport's Noise Insulation Program, the Board of Supervisors has previously authorized the Airport to acquire Grants of Easement, in exchange for insulating various facilities from noise. Such easements have been acquired by the Airport from the owners of 11,332 dwellings, eight churches, and six schools in the Cities of Daly City, Pacifica, San Bruno, Millbrae, South San Francisco, and in the unincorporated areas of San Mateo County. Of the total cost of insulating these structures of \$163,705,905, the Airport has paid approximately \$124,725,905, or 76.2 percent, while the Federal Aviation Administration (FAA) has awarded grant funds of approximately \$38,980,000, or 23.8 percent to the local jurisdictions.

2. As previously noted, Ms. Osaki states that the cost of one-time compensation of \$5,000 for obtaining a signed easement from the subject 69 properties would be \$345,000, or \$5,000 per property. In addition, the Airport would be required to obtain one additional easement, at no additional cost, to provide noise insulation for the one property that contains a private school in the unincorporated area of the County of San Mateo, at an estimated cost not to exceed \$50,000. Together, the proposed resolution therefore authorizes the acquisition of 70 noise easements.

3. According to Ms. Osaki, the Airport would be responsible for fully funding the one-time cost of $5,000 each, or $345,000 in total, to obtain the subject 69 signed noise easements from the individual property owners because such costs are not eligible for FAA funding. Ms. Osaki advises that the FAA regulations restrict the FAA grants to only funding the cost of noise insulation, and do not provide funding for the cost of the one-time compensation to obtain the signed easements.

However, Ms. Osaki reports that the one private school located in the unincorporated area of the County of San Mateo would be eligible to receive FAA grant funds of up to 80 percent of the total cost of the noise insulation. Assuming the preliminary estimated total cost of up to $50,000 for such noise insulation, the FAA would therefore fund up to $40,000 of such costs and the Airport would fund the remaining 20 percent, or $10,000 of costs. Ms. Osaki reports that, the private school owner would be required to sign the subject easement agreement with the City, at no expense to the Airport, in order for the one private school property to receive the estimated total reimbursements of up to $50,000 to install the necessary noise insulation in the school.

According to Ms. Eve Eichwald of the Airport, the Airport Capital Projects Commercial Paper Fund would be used to fund the estimated $345,000 cost for the 69 noise easements and the 20 percent remaining (80 percent to be FAA grant funded) cost for the private school, or approximately $10,000 for the noise insulation, for a total estimated cost of $355,000. Ms. Eichwald advises that the Board of Supervisors previously authorized the Airport to issue up to $400 million of short-term debt through the Airport Capital Projects Commercial Paper Fund. Currently, the Airport has an outstanding balance of approximately $180 million in such short-term debt, such that the Airport has $220 million of available capital from this Fund, reports Ms. Eichwald.

4. As stated in the attached memorandum, the 70 noise easements to be acquired by the Airport would be effective in perpetuity, and would bind the existing property owners, their heirs and any future property owners from

pursuing legal action against the City and County of San Francisco due to aircraft noise and/or vibration affecting that property.

Recommendation: Approve the proposed resolution.

AIRPORT COMMISSION
SAN FRANCISCO INTERNATIONAL AIRPORT
CITY AND COUNTY OF SAN FRANCISCO

MEMORANDUM

TO: Harvey Rose **DATE:** September 28, 2001

FROM: Sally Osaki

SUBJECT: Resolution to Acquire 70 Noise Easements

Approval of the Board of Supervisors is required to acquire noise easements. This resolution adds 70 additional addresses to the lists previously submitted for approval.

Background
On May 15, 2001, San Francisco International Airport staff met a representative of the California Department of Transportation to review the airport's efforts to comply with State Airport Noise Standards (Title 21, California Code of Regulations, Section 5000 et seq.). At that time, the Airport requested a determination regarding the following items in Section 5014: (1) Requirement to insulate mobile homes within the noise impact boundary; (2) Requirement for noise easements for homes built after January 1, 1989 even if these homes already meet the interior 45 dB interior noise standard.

Although mobile homes cannot be adequately insulated to an interior noise standard of 45 dB and the homes built after January 1, 1989 were built with insulation to meet the interior noise standard of 45 dB, the State regulations nonetheless require acquisition of easements for these properties. Therefore instead of offering $15,000 to insulate these properties, the Airport has offered $5,000 to acquire an easement for the properties on Castile Way, Rosa Flora Circle, and Pisa Court. All of these properties were built after January 1, 1989. The same offer was made to the property owners of 352 B Street which is a mobile home park. The final address on the list, 340 Alta Vista Drive was previously not habitable space but has now been remodeled into a private school and must be insulated.

The following are the responses to your specific questions:

1. The 68 properties on Castile Way, Rosa Flora Circle, and Pisa Court were all built after January 1989 and are not eligible for FAA funds because the FAA only funds noise insulation. These properties were not part of the home insulation program because they were constructed to meet the interior noise standard of 45 dB. However, the State Airport Noise Standards provide that residences constructed after January 1, 1989 are compatible land uses only if an easement has been acquired by the airport proprietor. The Airport has determined that $5,000 is a reasonable price for an easement. Because construction work is not involved, all homes are offered the same price for acquisition. The school will be eligible for FAA grant funds.

2. Section 5012 of Title 21 of the California Code of Regulations (21 CCR 5012) prohibits an airport proprietor of a noise problem airport from operating an airport with a noise impact area unless the airport has applied for or received a variance from the State Department of Transportation. Section 5014 of the State Regulations sets forth the parameters by which an airport can achieve Title 21 compliance so that all incompatible land uses within the State Noise Contour are eliminated and an airport is no longer required to operate under a variance from the State.

   An Airport can achieve Title 21 compliance by demonstrating one or more of the following:
   (1) acquisition of signed easements from residential owners, schools, hospitals or churches;.
   (2) existence of acoustical insulation to meet interior noise standards for residences constructed prior to January 1, 1989, or for schools, hospitals, churches;
   (3) genuine efforts made by an airport to insulate residences or acquire easements and property owners' refusal to take part in the program.

3. The six noise easements authorized by the Board of Supervisors in May of 2001 were for six schools. These 70 addresses were not previously submitted because at the time, the Airport was not aware of the State's interpretation regarding easements for post-1989 residences and the Airport had thought these properties were compatible land uses under Title 21.

4. The Airport is offering a one-time compensation of $5,000 for a signed easement. These easements bind the property owner, their heirs, and any future buyers of the property from pursuing legal action against the City and County of San Francisco due to aircraft noise and/or vibration affecting the property, in perpetuity.

I hope this responds to your request for additional information.

hrosememo.doc

Item 6 - File 01-1669

Department: Public Utilities Commission (PUC)
Real Estate Division

Item: A resolution authorizing an exchange between the PUC and Hayward-Oliver Owners, LLC of a portion of pipeline easement land in Hayward and authorizing the Director of Property and General Manager of the PUC to execute an Easement Modification Agreement with the Hayward-Oliver Owners.

Description: The proposed resolution would amend an existing pipeline easement on a parcel of land located in the City of Hayward, granted to the PUC by the Hayward-Oliver Owners, LLC. Currently the PUC has an unused easement consisting of approximately 66,181 square feet on the Hayward-Oliver property.[1] The entire property consists of approximately 123.2 acres. The PUC has agreed to quitclaim to the Hayward-Oliver Owners a 20-foot wide easement consisting of approximately 25,264 square feet on the West side of the PUC's current easement in exchange for a 20-foot wide easement consisting of 39,204 square feet on the East side of the PUC's current easement. Additionally, the Hayward-Oliver Owners will grant the PUC additional surface rights which will enable the PUC to build a pumping station in the future. At the request of the Hayward-Oliver Owners, the proposed exchange of land between the PUC and the Hayward-Oliver Owners, LLC would result in the PUC quitclaiming approximately 0.58 acres or 25,264 square feet to Hayward-Oliver Owners in exchange for the PUC obtaining from Hayward-Oliver Owners 0.90 acres or 39,204 square feet, resulting in a net gain to the PUC of 13,940 square feet. Attachment I to this report, is a map of detailing the proposed easements to be exchanged in the section of the map labeled "Parcel 2".

The pipeline easement exchange between the PUC and the Hayward-Oliver Owners, LLC is being requested by the Hayward-Oliver Owners to accommodate the

[1] According to Alameda County records the original easement agreement between the City and the property owners commenced on January 30, 1931.

relocation of a Pacific Gas & Electric (PG&E) gas pipeline as a result of mixed used development taking place on the Hayward-Oliver property.[2] In addition to the new surface rights being granted to the PUC, the developer will cover the entire costs of relocating the PG&E gas pipeline as well as the cost of constructing an embankment to support a new surface road as part of the site redevelopment project.

Comments:

1. According Mr. Ken Chopping, of the Division of Real Estate in the Department of Administrative Services, the proposed resolution authorizing the exchange of pipeline easement land between the PUC and Hayward-Oliver Owners, LLC would result in no additional costs to the City (see Attachment II to this report).

2. Mr. Garrett Dowd of the PUC notes that the proposed easement exchange does not diminish the PUC's capacity for installing future water or other utility pipelines. Mr. Dowd also notes that under the pipeline easement exchange, the PUC obtains 13,940 square feet of additional surface rights, which according to Mr. Chopping, is valued at a rate of $10 per square foot. Therefore the value of the 13,940 additional square feet which accrues to the PUC would be $139,400 (13,940 times $10) according to Mr. Chopping.

3. Mr. Dowd further states that a processing fee of $1,000 was charged by the Department of Administrative Services to Hayward-Oliver Owners for processing the revocable permit which allowed their project to move forward while the easement exchange was being sought. In addition, to the $1,000 processing fee, a monthly fee of $1,990 has been charged to the Hayward-Oliver Owners by the PUC beginning in October of 2000 through the present, when the revocable permit commenced, resulting in a total charge of $22,752 being paid by Hayward-Oliver to the PUC to date. According to Mr. Dowd, the Real Estate Division will also assess Hayward-Oliver Owners, LLC a one-time fee of $2,500 for processing the documents of the proposed easement exchange.

[2] PG&E has notified the developer of the Hayward-Oliver property that the proposed development plans and new surface road would place too great a strain on their gas pipeline beneath the development area.

Recommendation: Approve the proposed resolution.

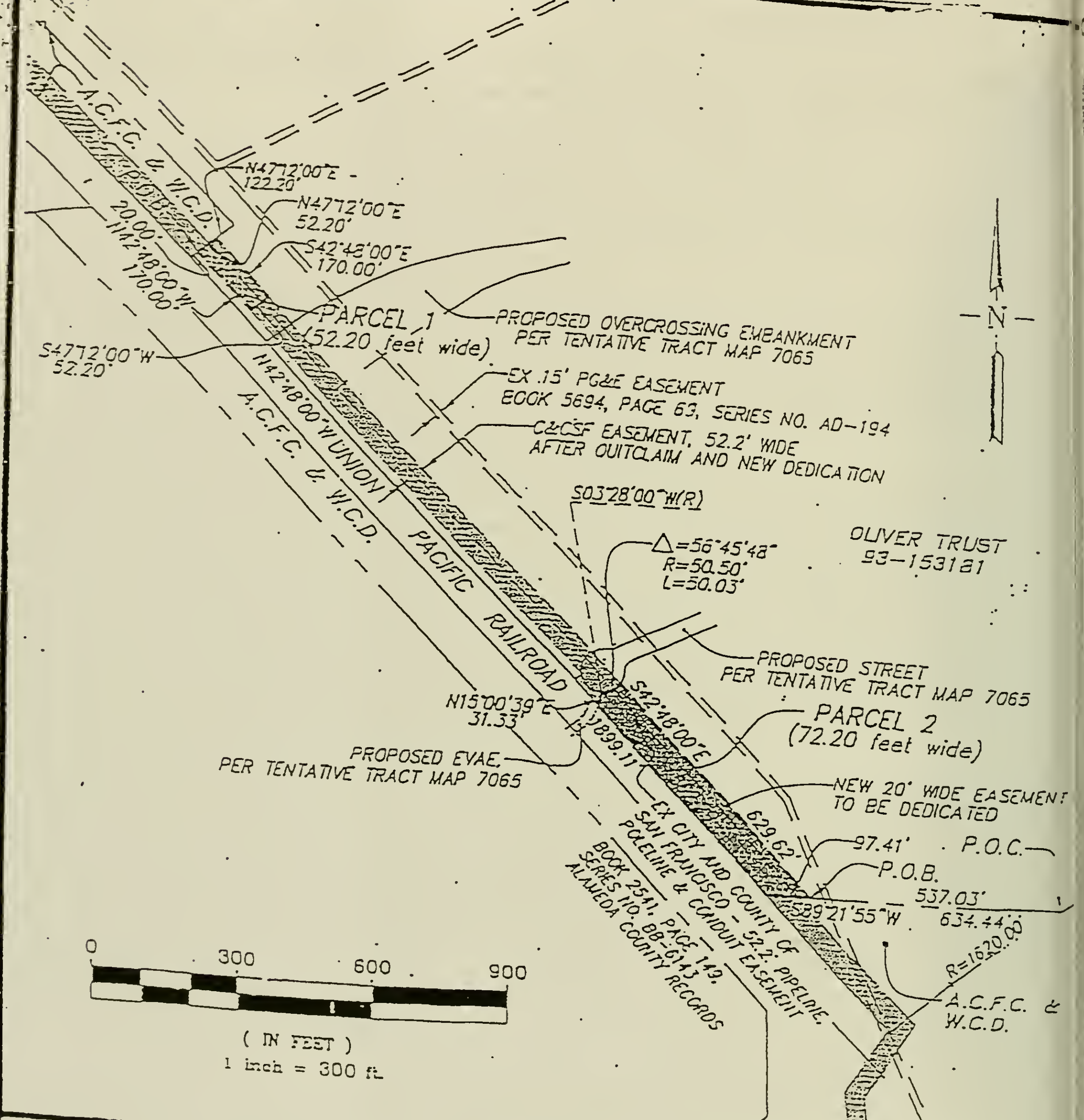

EXHIBIT "C"
PLAT TO ACCOMPANY
LEGAL DESCRIPTION

EASEMENTS FOR SURFACE RIGHTS
PURPOSES

CITY OF HAYWARD, COUNTY OF ALAMEDA, STATE OF CALIFORNIA

Ruggeri - Jensen - Azar & Associates
6801 OWENS DRIVE, SUITE 155 • PLEASANTON, CA 94588
PHONE: (925) 227-9100 • FAX: (925) 227-9300

SCALE:	DATE:	JOB NO.:
1" = 300'	July 27, 2000	992011

City and County of San Francisco

Real Estate Division
Administrative Services Department

August 16, 2000

RE: Oliver Trust Land
Hayward

Garrett Dowd
Director, Bureau of Commercial Land Management
Public Utilities Commission
1155 Market Street, 5th Floor
San Francisco, CA 94102

Dear Gary:

As you requested, this office toured the PUC pipeline easement that passes through the Oliver Trust property in Hayward. The property developer, Joe Callahan, was at the site and explained that he wanted to exchange a section of the westerly 20-ft of PUC easement land for a similar 20-ft section along the easterly side of the PUC easement, at no cost to the PUC. That would allow a relocation of a section of PG&E high-pressure gas line.

We find that the exchange of a section of land along the westerly side of the PUC easement for a similar strip along the easterly side, as proposed by the developer, appears to be a fair and equitable exchange. We understand that there will be no cost to the City and that the developer will place a steel encasement under a street embankment so there will be no additional cost for any future installation of a water pipeline. The granting of surface rights to the PUC for placement of a future pumping station is a benefit to the City. We understand that the developer is paying a monthly fee to the PUC under a temporary revocable permit and we recommend an additional $2,500 fee be paid by the developer to reimburse City for the administrative costs associated with this proposed exchange.

Please advise us if you wish us to proceed with legislation for Board of Supervisors consideration. If you have any questions regarding this matter, please contact Ken Chopping of this office, at 554-9862.

Sincerely,

Anthony J. DeLucchi
Director of Property

kc

H:\WP\PUC\5380oliver\AJDltPUC.doc

(415) 554-9850
FAX: (415) 552-9216

Office of the Director of Property
25 Van Ness Avenue, Suite 400
San Francisco, 94102

TOTAL P.03

Items 7, 8, and 9 – Files 01-1649, 01-1650, and 01-1651

Department: Mayor's Office of Economic Development (MOED)
Division of Real Estate (DRE)
San Francisco Redevelopment Agency (SFRA)
Department of Public Works (DPW)

Item:

File 01-1649
Resolution approving and authorizing an agreement between the City and County of San Francisco and the San Francisco Redevelopment Agency. Under this agreement, the SFRA would purchase from the City two Central Freeway land parcels and would have the option to purchase five Central Freeway land parcels to construct affordable housing. The resolution would also adopt findings pursuant to the California Environmental Quality Act, and that the conveyance is consistent with the City's General Plan and eight priority policies of City Planning Code Section 101.1. The resolution would also authorize the Director of Property to execute documents and take certain actions in furtherance of this resolution.

File 01-1650
Resolution approving and authorizing agreements between the City and adjacent property owners for the purchase by the adjacent property owners from the City at fair market value portions of three Central Freeway land parcels and for the exchange between an adjacent property owner and the City of a portion of one Central Freeway land parcel. The resolution would also adopt findings pursuant to the California Environmental Quality Act and that the conveyance is consistent with the City's General Plan and eight priority policies of City Planning Code Section 101.1. The resolution would also authorize the Director of Property to execute documents and take certain actions in furtherance of this resolution.

File 01-1651
Resolution endorsing the strategy for development of certain real property formerly occupied by the Central Freeway and the issuance of Requests for Proposals (RFPs) to private developers for construction of market rate housing, including a requirement to construct 15

percent of the housing as affordable housing, on two Central Freeway land parcels.

Description:

In 1999 the San Francisco voters approved Proposition I, supporting (a) demolition of the Central Freeway, which had been damaged in the 1989 Loma Prieta Earthquake, and (b) the creation of a new five-block thoroughfare along Octavia Boulevard. Proposition I directed the City to establish uses for the freeway parcels through a public planning process, emphasizing construction of market-based and affordable housing[1].

In 1999, the California State Legislature passed Senate Bill (SB) 798, amending the California Streets and Highway Code by adding Section 72.1, and directing the State of California Department of Transportation (Caltrans) to transfer title for the Central Freeway parcels to the City to implement Proposition I. As a result of SB 798, the City and Caltrans executed a Cooperative Agreement in December of 2000 to transfer title for the Central Freeway parcels to the City. Under the Cooperative Agreement, Caltrans is responsible for removing the elevated freeway structure north of Market Street and construction of new freeway ramps to Market Street. The City is responsible for construction of Octavia Boulevard roadway from Market Street to Hayes Street and all related costs, which are to be funded with proceeds generated from the disposition of the former Central Freeway land parcels.

In January of 2001, Caltrans conveyed the 23 Central Freeway land parcels to the City and the City recorded the deeds for all 23 parcels. Caltrans retained an easement for 10 of the 23 parcels, parcels M through V, which have remaining freeway structures. Caltrans estimates that demolition of the remaining freeway structures will be completed by 2004.

MOED, in conjunction with the Planning Department the San Francisco Redevelopment Agency (SFRA), the

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[1] Affordable housing includes (a) owner-occupied units available to households with annual net income equal to or less than the San Francisco Metropolitan Statistical Area median income of $80,100, and (b) rental units available to low-income households with annual net income equal to 60 percent of the median income of $80,100, adjusted for household size.

Division of Real Estate (DRE), the Department of Public Works (DPW), and the City Attorney's Office, has prepared the Octavia Boulevard Development Strategy, after completing an extensive community planning process. The four goals of the Octavia Boulevard Development Strategy are to:

(a) construct Octavia Boulevard from Market Street to Hayes Street, providing both a cross town vehicular throughway and a local throughway for pedestrians, bicycles and local traffic;
(b) remove the barrier of the elevated freeway;
(c) construct the maximum number of housing units on the vacant freeway parcels (an estimated 750 to 900 new apartment units); and
(d) designate at least 50 percent of the new apartment units as affordable housing.

The Octavia Boulevard Project would include (a) demolition by Caltrans of remaining freeway structures on 10 of the 23 Central Freeway land parcels, (b) purchase of two Central Freeway land parcels from the City by SFRA and the option to purchase five Central Freeway land parcels from the City by SFRA to construct affordable housing, for a total of seven of the 23 Central Freeway land parcels, and (c) purchase of 16 of the 23 Central Freeway land parcels from the City by private developers to construct market rate housing (including a minimum of 15 percent affordable housing). The City would be responsible for construction of Octavia Boulevard from Market Street to Hayes Street to provide a cross-town vehicular throughway and a local throughway for pedestrians, bicycles, and local traffic. The Octavia Boulevard Project would be implemented in three phases, disposing of the 23 freeway land parcels, totaling 306,336 square feet, in each of the three phases. The three subject resolutions (Files 01-1649, 01-1650, and 01-1651) are Phase I of the Octavia Boulevard Project. In Phases II and III, the City would sell the remaining 14 Central Freeway land parcels to private developers to construct market rate housing, including the requirement that 15 percent of the housing units constructed are

affordable housing.[2] The "Agreements to Transfer Real Estate" for the sale of the 14 Phase II and Phase III land parcels would be subject to Board of Supervisors approval.

Attachment I of this report is a map of the 23 parcels. Construction of Octavia Boulevard will begin in Phase III. DPW expects that the construction of Octavia Boulevard will take 12 months, beginning in May of 2005 and completing in May of 2006. DPW's preliminary estimates of the total Octavia Boulevard Project costs, which include design, engineering, construction, and traffic re-routing, are approximately $36,454,850 (see Comment 3). According to Mr. Richard Hillis of MOED, these costs would be funded wholly from the proceeds of the sale of the 23 freeway land parcels to SFRA and to the private developers and lease revenues from 14 existing parking leases, totaling approximately $46,940,015 ($43,603,645 in estimated proceeds from the sale of 23 land parcels plus $3,336,370 from lease revenues for 14 existing leases located on the subject Central Freeway land parcels, as discussed in Comment 2 below). If the Octavia Boulevard Project costs were to exceed the sale and lease proceeds from the subject Central Freeway land parcels, any need for additional revenues, including General Fund revenues, would be subject to approval by the Board of Supervisors.

Approval of the three proposed resolutions would authorize the City to implement Phase I of the Octavia Boulevard Project.

Comments:

1. As previously noted, in May of 2000 the Board of Supervisors approved a resolution, authorizing DRE and DPW to enter into a Cooperative Agreement with Caltrans to purchase the 23 freeway land parcels and placing the subject property under DPW jurisdiction (File

[2] In Phase I, the SFRA would purchase two land parcels and have the option to purchase five land parcels, for a total of seven of the 23 Central Freeway land parcels and private developers would purchase two of the 23 Central Freeway land parcels (for a total of nine land parcels in Phase I, including the purchase of two land parcels and the option to purchase five land parcels by the SFRA, and the purchase of two land parcels by private developers). In Phases II and III, the City would sell the remaining 14 of the 23 Central Freeway land parcels to private developers to construct market rate housing.

00-0667). Section 72. 1 of the California Streets and Highway Code provides that:

(a) The right-of-way between Market and Turk Streets, which comprise the damaged Central Freeway was no longer a State highway;
(b) Caltrans is required to remove the Central Freeway structure and convey to the City those parcels of land that were no longer required for right-of-way purposes;
(c) The City is required to use the proceeds from any sale of the right-of-way parcels of land for the purpose of designing, constructing, developing and maintaining the Octavia Boulevard Project; and
(d) The City is required to accept all liabilities for the subject freeway parcels.

The Cooperative Agreement between the City and Caltrans authorized the title transfer of the 23 freeway parcels to the City. Caltrans also assigned to the City 14 existing leases for parking lots located on the subject parcels on January 1, 2001. Attachment II, provided by DRE, is a list of the 14 existing parking leases, including the monthly rent of each of the parking leases, totaling $65,420 monthly for all 14 parking leases or approximately $785,040 annually. The lease revenues are deposited into a DPW special project account, designated for the Octavia Bouldevard Project.

2. Mr. Hillis estimates that the fair market value of the 23 land parcels is approximately $43,603,645 ($28,000,000 for 16 market rate housing parcels plus $15,603,645 for 7 affordable housing parcels).[3] In addition, Mr. Hillis estimates that revenues for the 14 existing parking leases shown in Attachment II will be approximately $785,040 in calendar years 2001, 2002, and 2003, and approximately $588,750 in calendar year 2004 and $392,500 in 2005, totaling $3,336,370.[4] The

[3] The estimate of $43,603,645 is based on an appraisal of $18,750,000 for 8 parcels (parcels A, B, C, F, G, H, I, and J), totaling 125,748 square feet, conducted by Carneghi-Bautovich and Partners, Inc., (CBP), an independent appraiser under contract to DRE, and MOED's estimate of $24,853,645 for 15 remaining parcels, totaling 180,588 square feet.
[4] According to Mr. Hillis, parking lease revenues in calendar year 2004 and 2005 will decline as the subject parcels are sold for construction of housing.

total estimated proceeds from the sale of the 23 land parcels and rents from the 14 existing parking leases are $46,940,015 ($43,603,645 plus $3,336,370).

3. According to Mr. Patrick Rivera of DPW, the current estimated cost for the Octavia Boulevard Project is $36,454,850[5], as shown in Attachment III. Included in this cost estimate are:

(a) $16,776,560 for Octavia Boulevard design and construction costs,
(b) $12,460,532 for traffic management costs, including traffic systems management costs of $5,400,000, plus and traffic management plan costs of $7,060,532;
(c) $2,085,500 for estimated direct costs to the City of constructing Octavia Boulevard, including DPW project management costs of $1,215,500, City Attorney fees of $70,000, environmental costs of $400,000, and repayment of Proposition B funds of $400,000[6]; and
(d) $5,132,259 for a 10 percent project contingency fund of $3,132,259 (10 percent of $31,322,591, see Attachment III) and maintenance of Octavia Boulevard for 3 years $2,000,000.

According to Mr. Rivera, in April of 2002, DPW will begin construction of the Traffic Systems Management plan to connect traffic signals within the construction area and along travel routes to and from the freeways, adjusting signal timings as needed by traffic conditions. DPW will implement the Traffic Management Plan to manage traffic during the demolition and construction of the freeway and construction of Octavia Boulevard in July of 2003. The design period for the Octavia Boulevard construction is scheduled from August 2002 through May 2005, and construction of Octavia Boulevard is scheduled from May 2005 through May 2006.

<u>File 01-1649</u>
4. Approval of the proposed resolution (File 01-1649) would approve the proposed "Agreement for Transfer of

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[5] This amount of $36,454,850 is the rounded value.

[6] In 1999 the Board of Supervisors approved a resolution (Resolution No. 99-17), providing $400,000 of San Francisco Transportation Authority FY 1998-99 Proposition B Capital Program funds to DPW for resurfacing Octavia Boulevard, as part of the Central Freeway replacement project.

Real Estate" between the City and County of San Francisco and the San Francisco Redevelopment Agency for (a) the purchase by SFRA of two Central Freeway land parcels from the City and (b) the option to purchase by SFRA five Central Freeway land parcels from the City. Under the terms of the proposed Agreement, the SFRA would purchase two Central Freeway land parcels (parcels A and C) for up to fair market value of $5,775,000. However, the SFRA would pay less than the fair market value of $5,775,000 if the City's actual Octavia Boulevard Project costs, less the City's actual proceeds from the sale of the 16 market rate housing parcels and 14 parking leases, is less than $5,775,000. In that instance, the SFRA would pay the lesser amount. In addition, the SFRA would have the option to purchase five other parcels (parcels G, K, O, Q, and U) for the same terms as parcels A and C. The SFRA would pay up to the fair market value for all seven affordable housing parcels, currently estimated to be approximately $15,603,645. However, if the City's actual Octavia Boulevard Project costs, less the City's actual proceeds from the sale of the 16 market rate housing parcels and 14 parking leases, is less than the actual fair market value, SFRA would pay the lesser amount. If SFRA does not exercise its option to purchase any of the five parcels, any parcel not purchased by SFRA would be sold to private developers to construct market rate housing units. Attachment IV, provided by MOED, discusses the reasons that the SFRA would pay less than fair market value for the seven affordable housing parcels if the City's actual Octavia Boulevard Project costs, less the City's proceeds for the sale of the 16 market rate housing parcels and the 14 parking leases, is less than the fair market value.

5. The table below summarizes the data pertaining to the fair market value of the seven affordable housing parcels. Carneghi-Bautovich and Partners, Inc., (CBP), an independent appraiser under contract to DRE, has provided an appraisal of the fair market value of three parcels (A, C, and G), but an appraisal has not yet been performed on four parcels (K, O, Q, and U). The estimated fair market value of the seven affordable housing parcels is approximately $15,603,645. The appraised fair market value for parcels A ($2,887,500)

and C ($2,887,500) is $5,775,000, the appraised fair market value for parcel G is $1,860,000, and MOED's estimated fair market value for parcels K, O, Q, and U is approximately $7,968,645, ($5,775,000 plus $1,860,000 plus $7,968,645, totaling $15,603,645).

The City has not yet conducted an appraisal on four of the seven affordable housing parcels and the actual fair market value of the seven affordable housing parcels will vary from the estimate of $15,603,645 once the appraisals are completed. Under the terms of the proposed Agreement, DRE will conduct an appraisal of the four parcels once the City has full legal authority to dispose of these parcels and prior to the sale of the parcels to the SFRA (see Comment 6).

Parcel	Location	Square Footage	Purchase or Option to Purchase	Fair Market Value
A*	Southeast corner of Turk and Gough Streets	16,500 sq. ft.	Purchase	$2,887,500 $175/ sq. ft.
C	Southwest corner of Franklin Street and Golden Gate Avenue	16,500 sq. ft.	Purchase	$2,887,500 $175/ sq. ft.
G	Northeast corner of Gough and Fulton Streets	12,370 sq. ft.	Option to purchase	$1,860,000 $150/ sq. ft.
K **	Octavia Street between Hayes and Linden Streets	11,460 sq. ft.	Option to purchase	$1,547,100 (est.) $135/ sq. ft. (est.)
O	Octavia Street between Fell and Hickory Streets	37,427 sq. ft.	Option to purchase	$5,052,645 (est.) $135/ sq. ft. (est.)
Q	Northwest corner of Oak and Octavia Streets	4,650 sq. ft.	Option to purchase	$627,750 (est.) $135/ sq. ft. (est.)
U	Octavia Streets between Rose and Haight Streets	5,490 sq. ft.	Option to purchase	$741,150 $135/ sq. ft. (est.)
Total		**104,397 sq. ft.**		**$15,603,645 (est.)**

* Excludes parcel A-1, which is the subject of File 01-1650 of this report.

** Excludes parcels K-1 and K-2, which are the subject of File 01-1650 of this report.

6. Under the terms of the Agreement, before the City can give notice to SFRA that SFRA has the option to purchase

the five additional parcels, the City would need to meet the following three conditions:

(a) The City would have to acquire the full legal authority to dispose of and develop the subject parcels. Currently, parcels O, Q, and U have remaining freeway structures and the City does not have the full authority to dispose of these parcels until the freeway structures are removed by Caltrans.
(b) The City would have to restructure the subject parcels to create regularly shaped parcels. Currently, parcels G and K are irregularly shaped and the City needs to subdivide and sell portions of parcels G and K to create regular shaped parcels[7]. The subdivision and sale of portions of parcel K (K-1 and K-2) to create a regular shape parcel are the subject of this report (File 01-1650, see Comment 11).
(c) Once the freeway structures are removed from parcels O, Q, and U and parcels G and K are reassembled to become regular shaped parcels, the City would have to gain a formal appraisal of parcels K, O, Q, and U to determine the fair market value.

7. Under the terms of the proposed Agreement for Transfer of Real Estate between the City and SFRA, the City would lease back from the SFRA, on a month-to-month basis for $1 per month, parcels A, C, G, and K. The Agreement states that the City may continue to sublease these parcels as parking lots, which is their current use. Attachment III shows the respective existing leases and rents for parcels A, C, G, and K, totaling $25,113 monthly or $310,356 annually.

8. According to Ms. Kate Hartley of SFRA, the SFRA proposes to build 200 affordable senior housing apartment units on parcels A and C. The SFRA would issue RFPs to solicit private developers to construct the affordable senior housing apartment units. The proposed developments would be funded with a combination of tax-exempt multi-family revenue bonds, subject to Board of

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[7] Parcel G is 13,790 square feet, of which 12,370 has been appraised by CBP at $1,860,000 (or $150 per square foot) and 1,420 square feet would be subdivided. The triangular shaped 1,420 square foot portion is currently leased by the San Francisco Parking Authority and is adjacent to land owned by the Parking Authority and used as the Performing Arts Parking Garage.

Supervisors approval, and 4 percent low-income housing tax credits.

File 01-1650

9. Approval of the proposed resolution (File 01-1650) would authorize Land Sale Agreements between the City and adjacent property owners for the sole source sale of portions of three Central Freeway land parcels by the City to the adjacent property owner and for the exchange of a portion of one Central Freeway land parcel between the City and the adjacent property owner. According to Mr. Ken Chopping of DRE, the values of the three parcel portions to be sold by the City to the adjacent property owners are discounted due to their small size and irregular shape. As discussed in Comment 10, the DRE was able to negotiate a higher price per square foot than the discounted price for each of the three parcel portions, by selling the portions to the adjacent property owners. Additionally, the City would exchange a portion of one Central Freeway land parcel (parcel H) with an equal size portion of the adjacent property to create two more regularly shaped lots. Total proceeds to the City would be \$659,875. The table below provides a summary of the subject parcels.

Parcel	Location	Square Feet	Sale Price	Purpose of Sale
A-1	Elm Street between Gough and Franklin Streets	1,810	$270,000 $149/sq. ft.	A-1 is a triangle-shaped parcel. Sale to the owner of the adjacent lot would create two rectangular parcels (parcel A and the adjacent lot).
K-1	Hayes Street	59	$7,375 $125/sq. ft.	K-1 is a triangle-shaped parcel. Sale to the owner of the adjacent lot would create a rectangular lot for the buyer and (along with the sale of K-2) would create a rectangular lot for parcel K.
K-2	Hayes Street	980	$182,500 $186/sq. ft.	K-2 is a triangle-shaped parcel. Sale to the owner of the adjacent lot would create a rectangular lot for the buyer and (along with the sale of K-1) would create a rectangular lot for parcel K
H	Gough and Grove Streets	approx. 2,500	$200,000	A triangle-shaped portion of parcel H, equal to approximately 2,500 square feet, would be exchanged for a portion of the adjacent lot of equal size to create two regularly shaped lots. Because the proposed exchange would increase the appraised value of parcel H by $200,000 and of the adjacent lot by $400,000, the owner would pay to the City the difference in value of $200,000.
Total			**$659,875**	

10. According to Mr. Chopping, the appraised value of parcel A is $175 per square foot. However, the appraisal performed by CBP discounted parcel A-1, which is a portion of parcel A, to $90 per square foot because of the irregular shape. Mr. Chopping states that the sales price of $270,000 was based on a negotiated sales price per square foot of $149 per square foot for 1,810 square feet. Mr. Chopping states that the sales price of $7,375 for parcel K-1 and $182,500 for parcel K-2 were based on a negotiated sales price of $125 per square foot for parcel K-1 and $186 per square foot for K-2. The exchange of a triangle shape portion of parcel H, equal to approximately 2,500 square feet, for a portion of the adjacent lot would result in two regular-shaped lots for parcel H and the adjacent lot. According to Mr. Chopping, because the

proposed exchange would increase the appraised value of parcel H by $200,000 and of the adjacent lot by $400,000, the owner would pay to the City the difference in value of $200,000.

11. Under the terms of the Land Sales Agreements between the City and the respective property owners, as a condition of the sale of each of the four parcels, the City would require that 15 percent of all housing developed on the entire lot (the original lot plus the added parcel) would be developed as affordable housing.

File 01-1651
12. Approval of the proposed resolution (File 01-1651) would endorse the Development Strategy for the Octavia Boulevard Project and authorize DRE to issue two RFPs to private developers for the sale and development of market rate housing on parcels H and J. Fifteen percent of the housing units developed on these parcels would be affordable housing units.

13. Parcel J is 17,898 square feet, located on the north side of Hayes Street between Octavia and Gough Streets, with an appraised value of $2,400,000. [8] The RFP solicits a private developer to construct a mix of retail units serving the neighborhood and residential units. The RFP requires that a minimum of 15 percent of the apartment units be constructed as affordable housing units. The minimum allowable bid for parcel J under the RFP is $2,250,000. Selection of the developer would be based on the economic return to the City from the development (including the sale price), overall appropriateness of the proposal, and the developer's financial strength, experience, and ability to perform the project.

14. Parcel H is 11,269 square feet, located on the northwest corner of Grove and Gough Streets. The proposed parcel development would include neighborhood-based retail units and residential units. The RFP requires that a minimum of 15 percent of the apartment units are constructed as affordable housing units. The appraised

[8] The appraisal of parcels J and H were conducted by Carneghi-Bautovich and Partners, Inc., (CBP), an independent appraiser under contract to DRE.

fair market value of parcel H is $1,800,000 and the minimum acceptable bid under the RFP is $1,600,000. Selection criteria would be the same as those noted above for selecting a developer for parcel J.

15. In order to ensure that all subsequent purchases of the Central Freeway land parcels will include the requirement that 15 percent of the housing units are affordable housing, the Budget Analyst recommends:

(a) Amending File 01-1651, Page 3, Line 4, to add the phrase "including a requirement to construct a minimum of 15 percent of the housing units as affordable housing" and Page 3, Line 6, to add the phrase "which includes a requirement to construct a minimum of 15 percent of the housing units as affordable housing", so that the resolution states, "Whereas, the City proposes to subsequently issue RFPs for development of the remaining Market Rate Housing Parcels in substantially the same form, including a requirement to construct a minimum of 15 percent of the housing units as affordable housing, as the RFP on file with the Clerk of the Board of Supervisors in File No. 01-1651 or to otherwise dispose of the parcels through a bid process, which includes a requirement to construct a minimum of 15 percent of the housing units as affordable housing, following the completion of the Department of City Planning's Better Neighborhood 2002 Program"; and

(b) Amending File 01-1651, Page 3, Line 15, to add the phrase, "including a requirement to construct a minimum of 15 percent of the housing units as affordable housing, or to otherwise dispose of the parcels through a bid process, which includes a requirement to construct a minimum of 15 percent of the housing units as affordable housing, following the completion of the Department of City Planning's Better Neighborhood 2002 Program" so that the resolution states, "the Board of Supervisors hereby endorses the Development Strategy and authorizes and urges the Director of Property, the Director of City Planning, the Mayor's Office of Economic Development and the Executive Director of the Redevelopment Agency to take any and all steps to effectuate the Development Strategy, including a

requirement to construct a minimum of 15 percent of the housing units as affordable housing, or to otherwise dispose of the parcels through a bid process, which includes a requirement to construct a minimum of 15 percent of the housing units as affordable housing, following the completion of the Department of City Planning's Better Neighborhood 2002 Program".

16. According to Mr. Hillis, once the developers of the parcels J and H are selected through the RFP process, the respective Agreements to Transfer Real Estate would be submitted to the Board of Supervisors for approval, as stated in the subject RFPs. The Agreements to Transfer Real Estate for all 16 market rate housing parcels would be subject to Board of Supervisors approval, pursuant to Administrative Code Section 23.1.

17. The Budget Analyst also recommends amending File 01-1651 to require that MOED, DRE, and DPW submit an annual written progress report to the Board of Supervisors, including (a) the current status of the Octavia Boulevard Project, (b) the estimated and actual proceeds to the City from the sale of the 23 Central Freeway land parcels and the 14 parking leases, and (c) the total estimated and actual Octavia Boulevard Project costs.

Summary:

18. In summary, approval of the three proposed resolutions would authorize the following actions:

- Approval of File 01-1649 would authorize an Agreement for Transfer of Real Estate between the City and SFRA. Under the proposed Agreement for Transfer of Real Estate, SFRA would purchase two of the 23 Central Freeway land parcels, and would have the option to purchase an additional five land parcels, for a total of seven land parcels, to construct affordable housing units. Under the proposed Agreement for Transfer of Real Estate, SFRA would pay the lesser of (a) actual fair market value for the seven land parcels, currently estimated to be $15,603,645, or (b) the City's actual Octavia Boulevard Project costs, less the City's actual proceeds from the sale of 16 market rate

housing parcels and 14 existing parking leases located on the subject Central Freeway land parcels.

- Approval of File 01-1650 would authorize the sole-source sale by the City to adjacent property owners of portions of three Central Freeway land parcels and the exchange of a portion of one Central Freeway land parcel with the adjacent property owner. According to DRE, although the values of three of the parcel portions are discounted due to their small size and irregular shape, the DRE was able to negotiate a higher price per square foot than the discounted price for each of the three parcel portions, by selling the portions to the adjacent property owners. Additionally, the City would exchange a portion of one parcel with an adjacent property owner, and the adjacent property owner would pay the City $200,000 for the increased value to the adjacent lot, resulting from the parcel exchange. Total proceeds to the City from the proposed sale of the three parcel portions and the exchange of one parcel portion would be $659,875.
- Approval of File 01-1651 would endorse the Octavia Boulevard Project and authorize the issuance of two RFPs for the sale of parcels J and H to private developers to construct market rate housing units. The Octavia Boulevard Project consists of (a) the demolition by Caltrans of the remaining freeway structures on 10 of the 23 land parcels, (b) purchase by SFRA of two land parcels and the option to purchase by SFRA five additional land parcels from the City to construct affordable housing units, (c) purchase by private developers of 16 land parcels to construct market rate housing units, and (d) construction of Octavia Boulevard, including a cross-town throughway for cross-town traffic and a local throughway for pedestrians, bicycles, and local traffic. The RFPs for the purchase of parcels J and H by private developers require that the private developers construct a minimum of 15 percent of the housing units as affordable housing. The Budget Analyst recommends that the resolution be amended to require that all 16 RFPs for the sale of the 16 market rate housing parcels contain a provision, requiring that the developer to construct a minimum of 15 percent of the housing units as affordable housing.

- Pursuant to Administrative Code Section 23.1, all Agreements to Transfer Real Estate from the City to private developers for the 16 market rate housing parcels would be subject to Board of Supervisors approval. If the costs of the Octavia Boulevard Project were to exceed the proceeds from the sale of the 23 Central Freeway land parcels and from the revenues derived from the 14 existing parking leases located on the Central Freeway, any need for additional revenues, including General Fund revenues, would be subject to approval by the Board of Supervisors. However, as previously noted, according to Mr. Hillis, it is estimated that the Octavia Boulevard Project costs are to be funded wholly from the proceeds from the sale of the 23 land parcels and the 14 existing parking leases. DPW's current estimate of the City's Octavia Boulevard Project construction costs is approximately $36,454,850, and DRE's current estimate of the City's proceeds for the sale of 23 land parcels and 14 existing parking leases is approximately $46,940,015. If these estimates hold up, then no General Fund subsidy or other funding sources for the Octavia Boulevard Project would be required.

Recommendations:

1. In order to ensure that all subsequent purchases of the Central Freeway land parcels will include the requirement that 15 percent of the housing units are affordable housing, amend File 01-1651, as noted in Comment 15, as follows:

(a) Page 3, Line 4, to add the phrase "<u>including a requirement to construct a minimum of 15 percent of the housing units as affordable housing</u>" and Page 3, Line 6, to add the phrase "<u>which includes a requirement to construct a minimum of 15 percent of the housing units as affordable housing</u>", so that the resolution states, "Whereas, the City proposes to subsequently issue RFPs for development of the remaining Market Rate Housing Parcels in substantially the same form, <u>including a requirement to construct a minimum of 15 percent of the housing units as affordable housing</u>, as the RFP on file with the Clerk of the Board of Supervisors in File No. 01-1651 or to otherwise dispose of the parcels through a

bid process, which includes a requirement to construct a minimum of 15 percent of the housing units as affordable housing, following the completion of the Department of City Planning's Better Neighborhood 2002 Program";

(b) Page 3, Line 15, to add the phrase, "including a requirement to construct a minimum of 15 percent of the housing units as affordable housing, or to otherwise dispose of the parcels through a bid process, which includes a requirement to construct a minimum of 15 percent of the housing units as affordable housing, following the completion of the Department of City Planning's Better Neighborhood 2002 Program" so that the resolution states, "the Board of Supervisors hereby endorses the Development Strategy and authorizes and urges the Director of Property, the Director of City Planning, the Mayor's Office of Economic Development and the Executive Director of the Redevelopment Agency to take any and all steps to effectuate the Development Strategy, including a requirement to construct a minimum of 15 percent of the housing units as affordable housing, or to otherwise dispose of the parcels through a bid process, which includes a requirement to construct a minimum of 15 percent of the housing units as affordable housing, following the completion of the Department of City Planning's Better Neighborhood 2002 Program".

2. Amend File 01-1651, as noted in Comment 17, to require that MOED, DRE, and DPW submit an annual written progress report to the Board of Supervisors, including (a) the current status of the Octavia Boulevard Project, (b) the estimated and actual proceeds to the City from the sale of the 23 Central Freeway land parcels and the 14 parking leases, and (c) the total estimated and actual Octavia Boulevard Project costs.

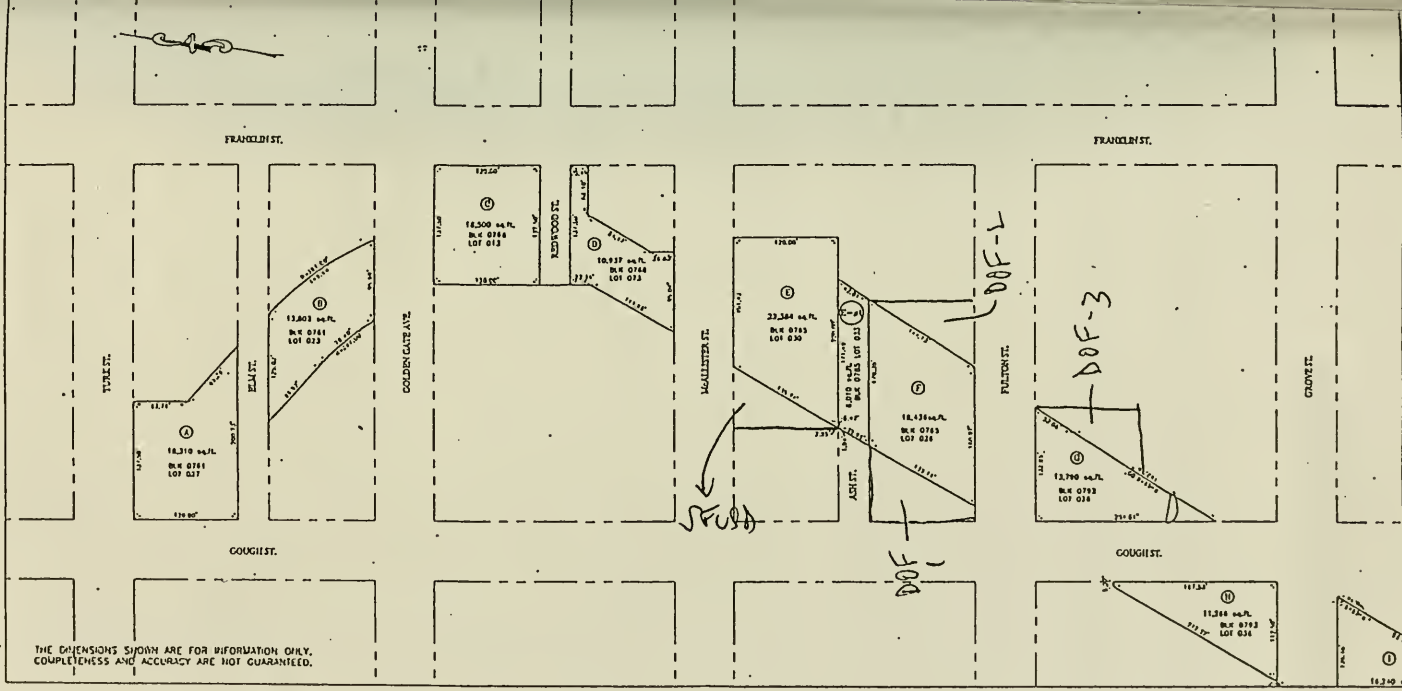
3. Approval of Files 01-1649 and 01-1650 are a policy matter for the Board of Supervisors.

4. Approval of File 01-1651, as amended, is a policy matter for the Board of Supervisors.

H.M. Rose

Harvey M. Rose

Supervisor Leno
Supervisor Peskin
Supervisor Gonzalez
Clerk of the Board
Controller
Ben Rosenfield

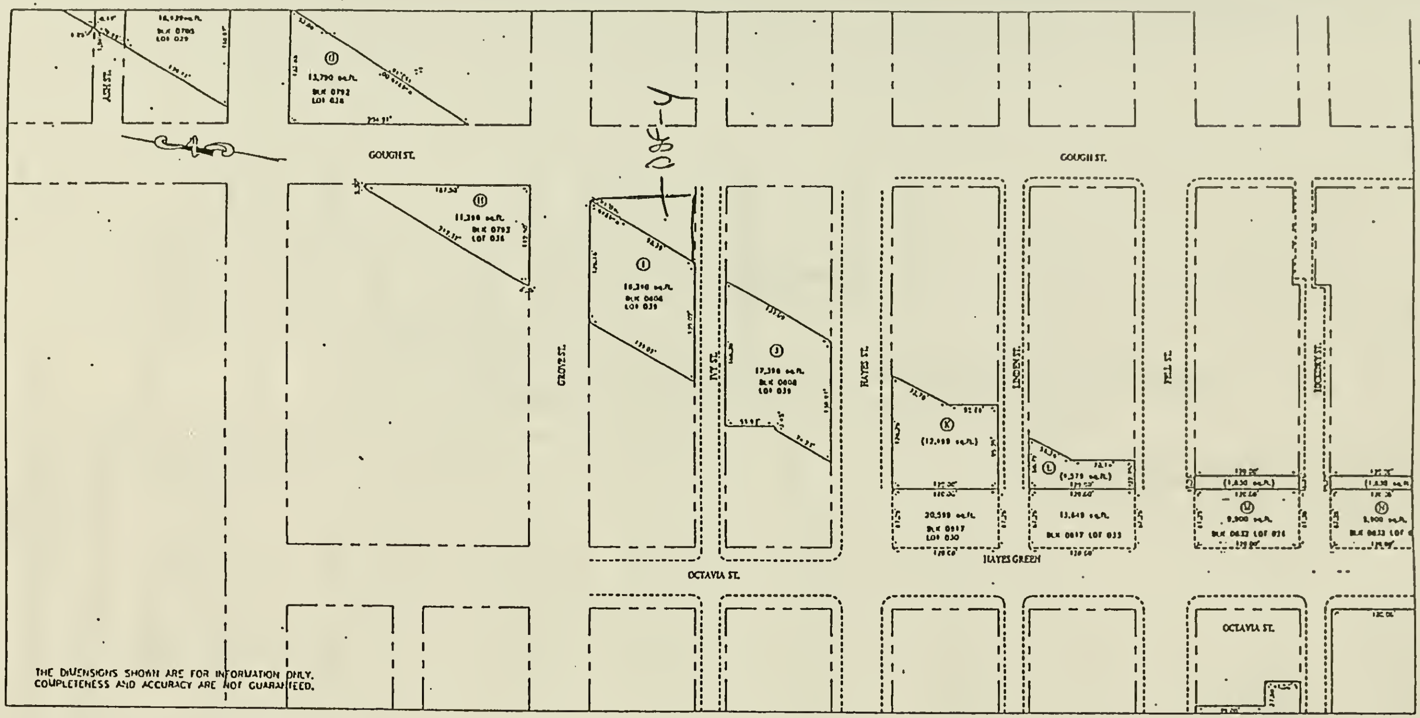


CENTRAL FREEWAY REPLACEMENT PROJECT

PARCELS TO BE RECEIVED FROM CALTRANS

PHASE I

Parcels A through G

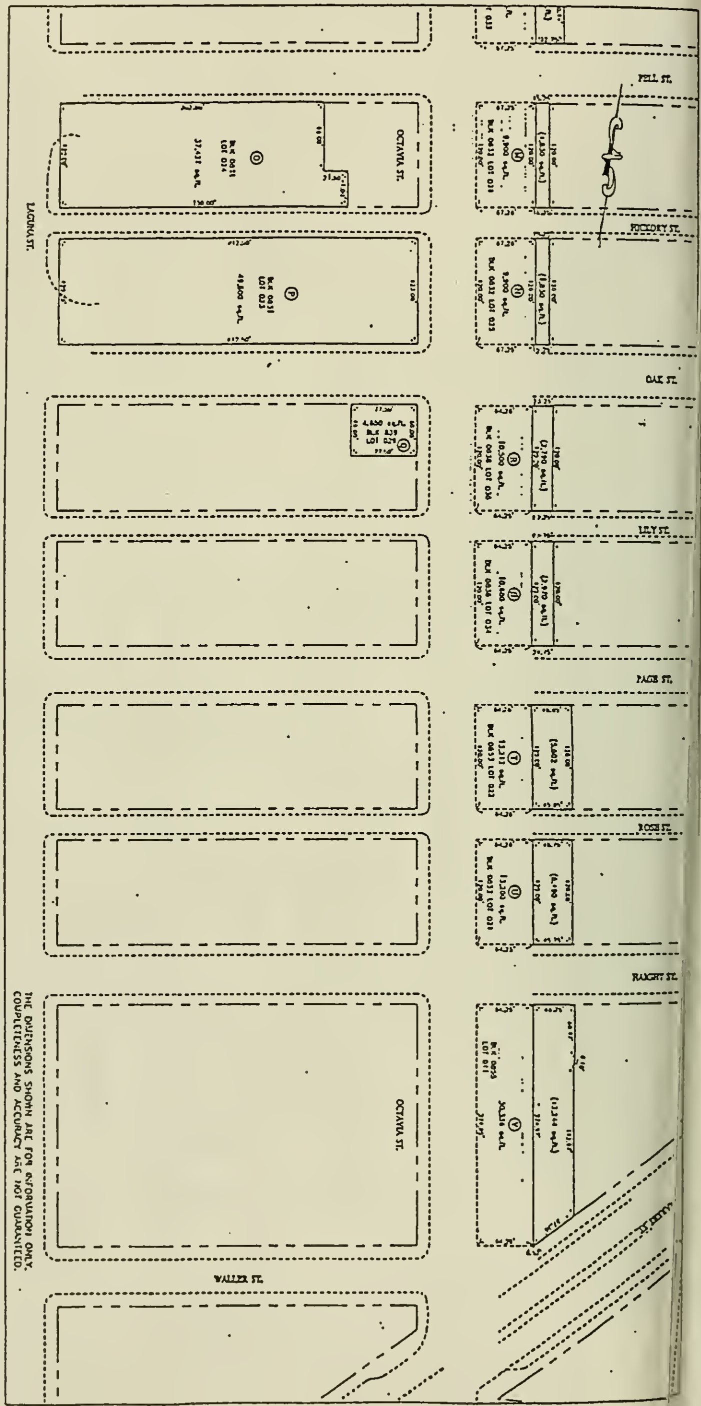


CENTRAL FREEWAY REPLACEMENT PROJECT

PARCELS TO BE RECEIVED FROM CALTRANS

PHASE I

Parcels H through L



CENTRAL FREEWAY REPLACEMENT PROJECT

PARCELS TO BE RECEIVED FROM CALTRANS

PHASE II

Parcels M through V

Attachment II

CENTRAL FREEWAY RELOCATION PROJECT

SUMMARY OF LEASES-PHASE I

Parcel No.	Lease-Lessee	Monthly Rent Total	Monthly Rent Per SF	Lease Term Start	Lease Term End-status
A	68 SFRA	$ 2,100	$0.30	4-99	3-31-01 mo/mo
B	01 CarPark Mgmt	$ 4,200	$0.33	7-98	6-30-00 mo/mo
C	64 Federal Auto Parks	$12,113	$0.50	1-99	12-31-00 mo/mo
D	02 Giannini (Long Term)	$ 667	$0.20	9-77	08-31-32
	65 Giannini	$ 1,200	$0.36	10-99	09-30-01
	66 Giannini	$ 550	$0.48	10-99	09-30-01
E	3, 4, 53, 54 SFUSD	4,090.60	$0.14	1-76	12-31-25 (2074)
F	05 SF Opera	$ 7,750	$0.43	7-98	6-30-00 mo/mo
G	06 SF Opera	$ 5,400	$0.44	7-98	6-30-00 mo/mo
H	07 Safe Park Corp	$ 4,900	$0.43	3-00	8-31-00 mo/mo
I	08 Safe Park Corp	$ 7,200	$0.44	10-97	9-28-99 mo/mo
J	09 SF Symphony	$ 6,400	$0.39	4-99	3-31-01 mo/mo
K	10 Safe Park Corp	$ 5,500	$0.33	3-98	2-28-00 mo/mo
L	11 Safe Park Corp	$ 3,350	$0.27	4-98	3-31-00 mo/mo
	Total Monthly Rent	$65,420.60	$0.33		

Note: For leases on Parcels B, F, G, I, adjacent State-DOF land is also used by Tenant in common with City's land.

H:\WP\DPW\5310CALT\Rentanal2.doc

Real Estate

TOTAL P.02

Attachment III

CENTRAL FREEWAY REPLACEMENT PROJECT
OCTAVIA BOULEVARD

PREPARED: 22-Jun-01
Revised: 24-Aug-01

				Schedule
Traffic Systems Management (TSM)			5,400,000	Construction: 4/02 - 6/03
Design		240,000		
Construction		4,300,000		
Construction Management @ 12% of Construction		645,000		
Design Support @ 5% of Construction		215,000		
Traffic Management Plan (TMP)			7,060,532	Established by 7/03
Traffic Control (PCO's)		5,448,764		
Engineering-Construction Support		827,901		
Operational Changes for 3 Years		142,000		
	Signal Support			
	Signs			
	Meter			
	Paint			
	Public Information Program			
Contingency @ 10%		641,867		
OCTAVIA BOULEVARD			16,776,560	
Design		1,170,766		Design: 8/02 - 5/05
Construction		13,004,828		Construction: 5/05 - 5/06
Construction Management @ 15% of Construction		1,950,724		
Design Support @ 5% of Construction		650,241		
DPW PROJECT MANAGEMENT			1,215,500	
CITY ATTORNEY			70,000	
ENVIRONMENTAL			400,000	
REPAYMENT OF THE $400,000 PROP B FUNDS			400,000	
SUBTOTAL PROJECT COST ESTIMATE			31,322,591	
10% PROJECT CONTINGENCY			3,132,259	
MAINTENANCE FOR 3 YEARS			2,000,000	
TOTAL PROJECT COST ESTIMATE			36,454,850	

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OFFICE OF THE MAYOR
SAN FRANCISCO

WILLIE L. BROWN, JR.

MEMORANDUM

October 2, 2001

To: SEVERIN CAMPBELL
Board of Supervisor's Budget Analyst

From: RICHARD HILLIS
Mayor's Office of Economic Development

Re: Transfer Agreement with SFRA

Per your request, I am providing you with a further explanation for the Transfer Agreement (the "Agreement") between the City and the Redevelopment Agency.

The basis for the Agreement is the expressed intent of the City to insure that a substantial portion of the new housing developed on the central freeway parcels is affordable to low- and moderate-income households, while also fully funding the Octavia Boulevard project. This goal is pursuant to Proposition I (1999), the ongoing Better Neighborhoods community planning process, and the City's General Plan; all of which recognize the need to maximize affordable housing production, especially on publicly owned sites.

Though available financing sources for affordable housing are extremely competitive, the Agency has been very successful in recent years in securing the funds needed to build and preserve a large number of affordable housing units in San Francisco. Central to securing such funding (e.g., 9% Low Income Housing Tax Credits, 4% Low Income Housing Tax Credits, Tax-Exempt Bonds, Project Based Section 8 Rental Subsidies, Multi-Family Housing Program funds, Affordable Housing Program grants, etc.) is the leveraging of City subsidies. The prospect of securing the land designated as affordable housing at below market cost or at no cost means that the feasibility of actually producing the affordable units is dramatically increased. Lower project costs also mean that developments can serve households with lower incomes, thus reaching the neediest San Franciscans.

As the Agreement stipulates, the Agency is obligated to pay fair market value for the affordable parcels if the development of the Octavia Boulevard project so requires. If the Agency can secure the parcels for lower than fair market value, however, achieving the goals of the City regarding affordable housing development will be greatly facilitated.

Please call me at 554.4082 should you have any further questions.

1 DR. CARLTON B. GOODLETT PLACE, Room 200 SAN FRANCISCO, CALIFORNIA 94102

City and County of San Francisco
Meeting Minutes
Finance Committee

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez

Clerk: Gail Johnson

Wednesday, October 17, 2001 | **10:00 AM** | **City Hall, Room 263**

Regular Meeting

Members Present: Mark Leno, Aaron Peskin, Matt Gonzalez.

MEETING CONVENED

The meeting convened at 10:09 a.m.

011436 **[Official Advertising]**

Resolution authorizing the Purchasing Division of the Office of Contract Administration to negotiate and enter into a sole source contract with the San Francisco Chronicle to be the official newspaper of the City and County of San Francisco for the category of consecutive day official advertising for the fiscal year ending June 30, 2002. (Purchaser)

8/1/01, RECEIVED AND ASSIGNED to Finance Committee.

8/22/01, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Judith Blackwell, Director, Office of Contract Administration; Michael Ward, Assistant Director of Purchasing, Purchasing Division, Office of Contract Administration. Continued to September 26, 2001.

9/26/01, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Judith Blackwell, Director, Office of Contract Administration; Theodore Lakey, Deputy City Attorney; Edward Harrington, Controller; Gloria Young, Clerk of the Board; Gregoire Hobson, Deputy Clerk, Board of Supervisors.
Continued to 10/17/01.

Hearing held. Speakers: Harvey Rose, Budget Analyst; Gloria Young, Clerk of the Board; Michael Ward, Office of Contract Administration.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011561 **[IHSS Contract Modification Approval - Addus Healthcare]**

Resolution approving the retroactive modification of the contract between the City and County of San Francisco and Addus Healthcare for the provision of In-Home Supportive Services for the period from July 1, 2001 to January 31, 2002, in the increased amount of $4,182,526, for a total contract amount of $21,379,697. (Human Services Department)

(Fiscal impact.)
(Supervisor Gonzalez dissenting in Committee)
8/29/01, RECEIVED AND ASSIGNED to Economic Vitality, Small Business and Social Policy Committee.
10/1/01, TRANSFERRED to Finance Committee.

Hearing held. Speakers: Harvey Rose, Budget Analyst; Trent Rhorer, Executive Director, Department of Human Services; David Curto, Director, Office of Contract Management, Department of Human Services; Theodore Lakey, Deputy City Attorney; Kim Kruser, Vice- President of Government Services for Western Region, Addus Healthcare; Marie Jovlin.

RECOMMENDED by the following vote:
Ayes: 2 - Leno, Peskin
Noes: 1 - Gonzalez

011715 **[Accept and Expend Federal Grant Funds Under the Airport Improvement Program (AIP)]**

Resolution authorizing the Airport Commission to accept and expend grant funds in the amount of $23,849,790.00 from the Federal Aviation Administration for the purpose of Airport Improvements: $15,525,000 to be expended by the Facilities Operations and Maintenance Division (A.I.P 16, Project No. 01-1-3-06-0221-1601); and $8,324,790 for Preliminary Engineering and Environmental Planning for Environmental Evaluation to be expended by the Airfield Development Bureau (A.I.P 17, Project No. 01-5-3-06-0221-0000). (Airport Commission)

9/24/01, RECEIVED AND ASSIGNED to Finance Committee.

Hearing held. Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, San Francisco International Airport.
Amended as follows:
On page 1, at the end of line 10, by adding "placing $8,324,790 on reserve."
On page 2, line 24, by replacing "$11,820,000" with "$11,099,720."
On page 3, line 3, by adding 'FURTHER RESOLVED, That funds in the amount of $8,324,790 in FAA grant funds are hereby placed on reserve, pending an analysis of the timeliness of this project, selection of consultants, and submission of budget details, including the hourly rates and the estimated hours of the consultants."

AMENDED.

Resolution authorizing the Airport Commission to accept and expend grant funds in the amount of $23,849,790.00 from the Federal Aviation Administration for the purpose of Airport Improvements: $15,525,000 to be expended by the Facilities Operations and Maintenance Division (A.I.P 16, Project No. 01-1-3-06-0221-1601); and $8,324,790 for Preliminary Engineering and Environmental Planning for Environmental Evaluation to be expended by the Airfield Development Bureau (A.I.P 17, Project No. 01-5-3-06-0221-0000); placing $8,324,790 on reserve. (Airport Commission)

RECOMMENDED AS AMENDED by the following vote:
Ayes: 3 - Leno, Peskin, Gonzalez

011774 [Reserved Funds, S.F. Environment]

Hearing to consider release of reserved funds, S.F. Environment (State grant funds, File No. 011431: Resolution No. 647-01), in the amount of $6.75 million to fund the Power Booster small business energy efficiency retrofit program. (Environment)

10/3/01, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be calendared at the October 17, 2001 meeting.

Speakers: None. Continued to October 31, 2001.

CONTINUED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011359 [Reserved Funds, Department of the Environment]

Hearing to consider release of reserved funds, Department of the Environment (fiscal year 2001-2001 reserved appropriations), in the amount of $209,952 to fund the Solid Waste Management Program salaries as of October 1, 2001. (Environment)

9/26/01, RECEIVED AND ASSIGNED to Finance Committee.

Hearing held. Speakers: Harvey Rose, Budget Analyst; Jared Blumenfeld, Director, Department of the Environment.

Release of reserved funds in the amount of $209,952 approved.

APPROVED AND FILED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

010836 [Reserved Funds, Department of Elections]

Hearing to consider release of reserved funds, Department of Elections, (File 010249, Ordinance No. 65-01), in the amount of $800,000 to fund equipment purchase and $251,000 for non-personal services. (Administrative Services Department)

5/2/01, RECEIVED AND ASSIGNED to Finance Committee.

5/30/01, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ara Minasian, Department of Administrative Services; Theresa Alvarez, Deputy City Attorney; Steve Kawa, Mayor's Office; Ryan Brooks, Director, Administrative Services Department.

Hearing held. Speakers: Harvey Rose, Budget Analyst; Theodore Lakey, Deputy City Attorney; Edward Harrington, Controller; Tammy Haygood, Director of Elections; Ara Minassian, Department of Administrative Services.

FILED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011772 [Reserved Funds, Department of Elections]

Hearing to consider release of reserved funds, Department of Elections, fiscal year 2001-02 budget, in the amount of $2,015,719 (salaries - $1,716,830 and mandatory fringes - $298,889) to fund the Department's reorganization and staffing plans. (Elections Department)

10/2/01, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be calendared at the October 10, 2001 meeting

Heard in Committee. Speakers: Tammy Haygood, Director of Elections; Harvey Rose, Budget Analyst; Allen Wilson, former Grand Jury Chairman; Chris Bowman, former member, Citizens Advisory Committee on Elections.

Release of reserved funds in the amount of $2,015,719 approved.

APPROVED AND FILED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011773 **[Reserved Funds, Department of Elections]**

Hearing to consider release of reserved funds, Department of Elections, fiscal year 2001-02 budget, in the amount of $253,237 for the reapportionment project. (Elections Department)

10/2/01, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be calendared at the October 17, 2001 meeting.

Hearing held. Speakers: Harvey Rose, Budget Analyst; Tammy Haygood, Director of Elections; Chris Bowman, former member, Citizens Advisory Committee on Elections.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

ADJOURNMENT

The meeting adjourned at 12:58 p.m.

.25

7/01

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

October 11, 2001

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: October 17, 2001 Finance Committee Meeting

Item 1 – File 01-1436

Note: This item was continued by the Finance Committee at its meeting of September 26, 2001.

Department: Department of Administrative Services, Office of Contract Administration, Purchasing Division

Items: Resolution authorizing the Purchasing Division of the Office of Contract Administration to negotiate and enter into a sole source contract for Fiscal Year 2001-2002 with the San Francisco Chronicle to be the City's official newspaper to provide Type 1 advertising which requires the newspaper to be printed at least five days per week, on two or more consecutive days.

Description: Proposition J, which was approved by the San Francisco voters in November of 1994, in part, changed the criteria by which the City selects a newspaper to publish the City's official advertising. The Purchasing Division advises that, under Proposition J, Section 2.81 of the Administrative Code was amended with respect to the criteria to be considered in evaluating bids submitted by newspapers that wish to be designated as the City's official advertising newspapers. Bidders are required to submit typeset samples and other documentation for

evaluation purposes. The criteria used for evaluation of bids under Section 2.81 includes (1) the cost of advertising in the newspaper (the newspaper which bids the lowest price per advertisement for advertising receives additional points), (2) the level of circulation of the newspaper (the newspaper with the largest circulation receives additional points), (3) the cost of the newspaper to the general public (any newspaper with a majority of circulation that is free of charge to the general public receives additional points), and (4) the ownership of the newspaper by a minority-owned, women-owned, or locally-owned business (newspapers which are owned by minority, women or locally-owned firms receive additional points). In addition, bidders must comply with all contracting requirements under the City's Charter and the Administrative Code, according to Mr. Mike Ward of the Purchasing Division.

The City's official advertising is divided into two categories:

Type 1 – Advertisements for Two or More Consecutive Days: Section 2.81, Official Newspaper(s) – Designation, of the Administrative Code defines Type 1 advertising as the publication of all official advertising of the City and County which is required by law to be published on two or more consecutive days, and all official advertising which is required to be published in accordance with the provisions of Sections 2.103 or 2.108[1] of the Charter for special meetings of the Board of Supervisors and its standing or special committees. The official newspaper must publish at least 5 days a week for Type 1 official advertising.

Type 2 – Advertisements for Single or Non-consecutive Days: Section 2.81, Official Newspaper(s) – Designation, of the Administrative Code defines Type 2 advertising as the publication of all official advertising of the City and County which is required by law to be published one time, other than the provisions of Sections 2.103 or 2.108 of the Charter as they relate to special meetings of the Board of

[1] Section 2.81, Official Newspaper(s) – Designation, of the Administrative Code references Charter Sections 2.200 and 2.201. Those Charter Sections have been renumbered as Sections 2.103 and 2.108, respectively.

Supervisors and its standing committees; and all official advertising of the City and County which is required by law to be published more than one time, but not more than three times per week for a specified number of weeks. The official newspaper must publish at least 3 days a week for Type 2 official advertising.

The City's contract for Type 1 official advertising with the San Francisco Examiner expired on June 30, 2001. According to Mr. Ward, in response to its Invitation for Bids on March 31, 2001, the Purchasing Division did not receive any bids for Type 1 official advertising. Because no bids were received for Type 1 official advertising, the Purchasing Division has not made a recommendation to the Board of Supervisors regarding the award of the City's Type 1 official advertising for FY 2001-2002. However, according to Mr. Ward, the Purchasing Division contacted the San Francisco Chronicle and the San Francisco Examiner in April of 2001, and both newspapers subsequently offered their services to provide the City's Type 1 official advertising in Fiscal Year 2001-2002. Mr. Ward states that these offers to provide the City's Type 1 official advertising in Fiscal Year 2001-2002 from the San Francisco Chronicle and the San Francisco Examiner were made in response to an inquiry by the Purchasing Division and are not considered to be formal bids in response to an invitation to bid.

This proposed resolution would authorize the Purchasing Division to negotiate and enter into a sole source contract with the San Francisco Chronicle to provide Type 1 official advertising.

As shown in the attached August 1, 2001 memorandum from Ms. Judith Blackwell of the Purchasing Division to the Clerk of the Board of Supervisors (Attachment II), the Purchasing Division reports that the San Francisco Chronicle would charge $8.42 per line of typeset for Type 1 consecutive day official advertising in FY 2001-2002, which is $5.96 more or 242.3 percent than the $2.46 charged in FY 2000-2001 by the San Francisco Examiner for Type 1 official advertising and is $1.29 more or 18.1 percent more than the $7.13 per line of typeset that the Examiner would charge for Type 1 consecutive day official

advertising in FY 2001-2002. For FY 2001-2002, the Purchasing Division reports that the total estimated annual cost for Type 1 official advertising, which would be provided by the San Francisco Chronicle if this legislation is approved, is $88,743 for approximately eight months of Type 1 official advertising in FY 2001-2002 (assuming that official Type 1 advertising begins again in November of 2001) or $49,853 more than the cost for FY 2000-2001 of $38,890 charged by the San Francisco Examiner for Type 1 official advertising for 12 months.

Mr. Ward advises that the San Francisco Chronicle meets the Administrative Code requirements to be designated as the City's Type 1 official advertising newspaper. Such requirements include having a newspaper circulation of at least 50,000 copies per week, being published at least five days per week on two or more consecutive days, and being printed in San Francisco. However, according to Mr. Ward, the San Francisco Chronicle does not comply with Chapter 12B of the Administrative Code, pertaining to the City's Equal Benefits Ordinance. If the Board of Supervisors decides to authorize the Purchasing Division to negotiate and enter into a sole source contract with the San Francisco Chronicle to provide the City's Type 1 official advertising, then the Purchasing Division would request a waiver of the Chapter 12B Equal Benefits requirements from the Human Rights Commission in order to enter into a sole source contract with the San Francisco Chronicle, according to Mr. Ward.

Although, as noted above, the San Francisco Examiner has offered to provide the City's Type 1 official advertising in FY 2001-2002 at a rate of $7.13 per line, which is $1.29 less per line than the price of advertising in the Chronicle, the Examiner is not printed in the City, as required by Section 2.80-1(a) of the Administrative Code. In that regard as shown in a memorandum provided by the Purchasing Division (Attachment I), the City Attorney stated that "the Examiner cannot continue to be the official newspaper if it doesn't publish in S.F." In addition, the San Francisco Examiner, as is the case with the Chronicle, is not compliant with Chapter 12B of the Administrative Code.

Although, according to Mr. Ward, the Purchasing Division has not recommended approval of this proposed resolution, Mr. Ward reports in a September 10, 2001 memorandum (Attachment I) that "given the limitations of the Examiner, the City Attorney's opinion and applicable Chapter 12B regulations, there is only one viable option available to the City for Type 1 consecutive day official advertising – the San Francisco Chronicle" because, as stated in Attachment II, (a) this is an instance when no bids were received, (b) there are no other qualified newspapers that are in compliance with Chapter 12B and (c) having a Type 1 official advertising newspaper is essential to the City and its residents.

Comments:

1. As previously noted, the estimated costs for Type 1 official advertising to be provided by the San Francisco Chronicle would be $88,743 in FY 2001-2002 for eight months, assuming that official Type 1 advertising begins again in November of 2001. Mr. Ward reports that the estimated cost for Type 2 official advertising is $1,305,878 for FY 2001-2002 for 12 months. Therefore, the total estimated cost for Type 1 and Type 2 official advertising for FY 2001-2002 would be $1,394,621.

2. According Section 2.81-2(a) of the Administrative Code, the City is required to withhold 10 percent of the annual amounts paid for the City's Type 1 and Type 2 official advertising and to designate such monies in the City's Outreach Advertising Fund.

3. Attachment I is a memorandum from Mr. Ward responding to questions raised by the Finance Committee at the Committee's meeting of August 22, 2001. According to Mr. Ward, and as previously noted, no formal bids have been received from the Chronicle or the Examiner to provide the City's Type 1 consecutive day official advertising. Both newspapers have responded to an inquiry from the Purchasing Division by offering their services to provide Type 1 official advertising in FY 2001-2002. Although both the Chronicle and the Examiner do not comply with Chapter 12B of the Administrative Code pertaining to the City's Equal Benefits Ordinance, the Examiner also does not comply with Section 2.80-1(a) of the Administrative Code which requires that the City's

Type 1 official advertising newspaper to be printed in the City. Given the limitations of the Examiner, the Chronicle is the only viable option available to the Board of Supervisors to be designated as the City's official newspaper to provide Type 1 consecutive day advertising, according to Mr. Ward.

4. The City has not had a designated newspaper to provide for Type 1 consecutive day official advertising since the expiration of the City's contract with the Examiner on June 30, 2001. According to Mr. Ward, under Section 2.81 of the Administrative Code, the Board of Supervisors is required to annually designate a newspaper to provide for Type 1 consecutive day official advertising for the City. According to Mr. Ward, if this proposed resolution is not approved to award a sole source contract to the Chronicle, the City would have no newspaper, under contract, to provide for the City's Type 1 official advertising for FY 2001-2002. According to Mr. Ward, the City could place consecutive day advertisements in both the official newspaper and other non-official newspapers, which comply with the contracting requirements under the City's Charter and Administrative Code. However, Mr. Ward further reports that the Type 1 official advertising could not be published exclusively in non-official newspapers.

Although Attachment I notes that the non-contract rate for advertising in the Chronicle is $16.33, Ms. Andrea Rosato of the San Francisco Chronicle states in a letter dated May 3, 2001 to the Purchasing Division (Attachment III) that the City would not be required to sign a contract with the Chronicle to receive the $8.42 per line contract rate proposed by the Chronicle. In response to an inquiry from the Finance Committee, Mr. Ward advises that the Chronicle does not provide zone pricing for classified ads. Therefore, the price quoted for Type 1 official advertising by the Chronicle of $8.42 per line for San Francisco circulation is the same price per line charged by the Chronicle for circulation in other locations in the Bay Area, according to Mr. Ward.

5. At the request of the Finance Committee, Ms. Gloria Young, Clerk of the Board of Supervisors, advises that she

has requested City departments to report to her as to their department's use of Type 1 advertising. Ms. Young reports that as of the writing of this report, the following departments have responded to her inquiry, indicating that they use Type 1 advertising: (1) the Board of Supervisors; (2) Administrative Services; (3) the Municipal Transportation Authority (MTA); (4) the Assessment Appeals Board; and (5) Arts Commission. Ms. Young states that the Board of Supervisors uses Type 1 official advertising for election-related issues, including calling for incurred bonded indebtedness or fee or rate increases and the MTA uses Type 1 official advertising when the MTA revises rates, charges or fares. Ms. Young advises that the Board of Supervisors has had no Type 1 official advertising since July 1, 2001. Mr. Ward advises that, since July 1, 2001, to his knowledge, no City departments have requested any Type 1 official advertising.

6. According to Mr. Ward, last fiscal year both City departments and the Clerk of the Board placed Type 1 official advertising directly with the California Newspaper Service Bureau (CNSB) which was the agency responsible for receiving advertisements, dispatching such advertisements to the designated official newspapers, proofreading such advertisements, confirming orders and coordinating invoices and payments to the official newspapers. With respect to invoicing, CNSB checked invoices submitted by official newspapers to verify that the prices charged were in accordance with pricing in the official advertising contract between the newspaper and the City. Mr. Ward further advises that CNSB services were paid for by the newspapers at no cost to the City.

According to Mr. Ward, City departments were responsible for checking invoices submitted to the City to verify that the prices were in accordance with contract prices, verifying publication through ad proofs and approving invoices for payment by the City.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

City and County of San Francisco

Willie Lewis Brown, Jr.
Mayor

Office of Contract Administrat

Judith A. Black
Dire

Purchasing Di

September 10, 2001

TO: Anna Weinstein
Budget Analyst's Office
San Francisco Board of Supervisors

THROUGH: Judith A. Blackwell
Director
Office of Contract Administration

FROM: Michael D. Ward
Assistant Director of Purchasing
Office of Contract Administration

RE: Official and Outreach Advertising Contracts

I am pleased to respond to the questions contained in your email, dated August 22, 2001, regarding the City's official and outreach advertising contracts. Following, is a point by point respons o each of your questions. Supporting documentation is provided where appropriate.

OFFICIAL ADVERTISING

On March 31, 2001, the Office of Contract Administration – Purchasing Division published an invitati to bid for Type 1 Consecutive Day Official Advertising. Bids were due April 20, 2001 and no bids we received in response to this solicitation.

1. On May 2, 2001, the Purchasing Division received a letter from the San Francisco Examiner expressing interest in providing advertising services to the City, at a rate of $7.13 per line for FY 2 1- 2002. A copy of this letter is appended to this memorandum, as Exhibit A. This letter was in repl an inquiry by the Purchasing Division and is not a formal bid in response to an invitation to bid.

   On May 3, 2001, the Purchasing Division received a letter from the San Francisco Chronicle indica their willingness to extend to the City a bulk rate contract for advertising services, at a rate of $8.4 e line for FY 2001-2002. A copy of this letter is appended to this memorandum, as Exhibit B. This letter was in reply to an inquiry by the Purchasing Division and is not a formal bid in response to a invitation to bid.

2. The "old" S.F. Examiner's contract rate for FY 2000-2001 was $2.46 per line. This is in reference the Examiner that was owned and published by the Hearst Corporation.

3. On November 21, 2000, the Purchasing Division received a letter from Mr. James L. Clancy, Vice President Finance and Chief Financial Officer of the San Francisco Newspaper Agency, agent of th San Francisco Examiner, stating that due to the purchase of the Examiner by ExIn, LLC, beginning

November 22, 2000, the Hearst Corporation had no legal authority to publish the Examiner. In addition, Mr. Clancy indicated that any future advertising with the Examiner would have to be negotiated with the ExIn, LLC directly.. A copy of this letter is appended as Exhibit C.

Following, the Purchasing Division had numerous conversations with Mr. Bob Haddad, Vice President of Circulation of the Examiner and the Examiner's General Counsel, to clarify matters relating to the contract and to convey the City's desire to resolve the matter expeditiously. In addition, the Purchasing Division provided ExIn, LLC and its General Counsel with documents relating to the contract. On December 19, 2000, the Purchasing Division sent a letter to Mr. Haddad urging the Examiner to finalize their decision to honor the terms and conditions of the "old" Examiner's contract.

On January 2, 2001, the Purchasing Division received a letter from Mr. Peter Herschberger, Vice President of Sales and Marketing for the Examiner, stating that the Examiner would agree to provide publication service for the City's advertisements under certain adjustments to the contract. A copy of this letter is appended to this memorandum as Exhibit D. Among other things, this letter stated that the "San Francisco Examiner is not printed within the limits of the City and County of San Francisco nor does it have plans to begin such printing in the foreseeable future." This was a matter of great concern to the Purchasing Division because Chapter IX, Section 2.80-1 (a) of the Administrative Code requires that the city's official newspaper be printed in the City and County of San Francisco.

Subsequently, the Purchasing Division requested the City Attorney's opinion regarding the requirement to print in the City. On January 9, 2001, the City Attorney responded: "The answer is clear – the Examiner cannot continue to be the official newspaper if it doesn't publish in S.F. There is no way to get around this, unless the Board wants to amend the law." The law referenced by the City Attorney is Proposition J, passed by the voters in November 1994 and incorporated in the Administrative Code as Article IX: Official Newspaper (s) – relevant part is Section 2.80-1 (a) "Official Newspaper".

The Purchasing Division checked with the Office of the Clerk of Board of Supervisors and was advised that consecutive day official advertising was not used extensively by the Board and there was no need identified for this service in the balance of the fiscal year. In consultation with the Purchasing Division, the Office of the Clerk of the Board decided that, to the extent possible, it would use the Independent as an alternate for publishing the city's official notices. Immediately, the Purchasing Division began to develop the new bid for official advertising scheduled for publication in March 2001.

4. Circulation: Examiner, Chronicle and San Jose Mercury News:

	San Francisco Circulation		Total Circulation	
	All Days	Sunday	All Days	Sunday
Examiner *	35,000	35,000	52,000	52,000
Chronicle	128,935	122,197	530,125	551,286
San Jose Mercury	4,200	3,200	292,000	332,000

Sources: Chronicle – ABC Publisher's Interim Statement (audited) for 13 weeks ended 12/31/00
Examiner – Examiner's circulation department

* It should be noted that the Examiner has not been published on Saturdays since November 22, 2

5. Price Per Line: Examiner, Chronicle and San Jose Mercury News:

	Per Line Rate Non-Contract	Per Line Rate Contract
Examiner	$8.30	$7.13
Chronicle	$16.33	$8.42
San Jose Mercury News *	No quote	No quote

* The San Jose Mercury News would not provide a price quote. The reason stated is that the San Jose Mercury News does not qualify for this contract because it is not printed in the City of San Francisco nor is it adjudicated as a newspaper of general circulation for the City of San Francisco. A copy of the letter from the San Jose Mercury News is appended to this memorandum as Exhibit E.

6. The Purchasing Division presented the Chronicle as a "viable option". If it is the preference of the Budget Analyst that we use the terminology "recommendation", in the future, to avoid confusion, we will make certain to do so.

The Budget Analyst's report, dated August 16, 2001, aptly captures the intent of the Purchasing Division with regards to the resolution that was introduced for Type 1 consecutive day official advertising:

> "The Purchasing Division suggests that the proposed sole source contract with the Chronicle is a viable option because, as stated in the attached memorandum from the Purchasing Division, (a) this is an instance when no bids were received, (b) there are no other qualified newspapers that are in compliance with Chapter 12B and (c) having a Type 1 official advertising newspaper is essential to the City and its residents."

The Purchasing Division believes that Chapter 12B of the Administrative Code, Sec.12B.5-1 (d) (pertaining to non-applicability, exceptions and waivers provides for a sole source contract in this case.

Moreover, it should be noted that the City has only two major dailies that can compete for Type 1 consecutive day official advertising – the Chronicle and the Examiner. The San Francisco Examiner does not meet Prop J requirements that the official newspaper must be printed in the City and County of San Francisco. In addition, the Examiner is not compliant with Chapter 12B of the Administrative Code pertaining to equal benefits. Furthermore, the Examiner is not published on Saturdays, which limits the newspaper's ability to publish the city's Type 1 consecutive day official ads.

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Budget Analyst's Office
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Again, we highlight that the opinion of the City Attorney is: "**The answer is clear - the Examiner cannot continue to be the official newspaper if it doesn't publish in S.F. There is no way to get around this, unless the Board wants to amend the law.**" The law referenced by the City Attorney is Proposition J, passed by the voters in November 1994 and incorporated in the Administrative Code as Article IX: Official Newspaper (s) – relevant part is Section 2.80-1 (a) "Official Newspaper".

With regards to the San Francisco Chronicle, this newspaper meets all Prop J requirements prescribed in the Administrative Code for the City's official newspaper, however, the Chronicle is not compliant with Chapter 12B of the Administrative Code.

The Purchasing Division believes that given the limitations of the Examiner, the City Attorney's opinion and applicable Chapter 12B regulations, there is only one viable option available to the City for Type 1 consecutive day official advertising – the San Francisco Chronicle.

OUTREACH ADVERTISING

1. The Purchasing Division had two alternatives for estimating the cost of outreach advertising for FY 2001-2002. One was to prepare an estimate based on actual expenditures in FY 2000-2001. The other was to prepare a cost estimate based on the price per sample advertising submitted by each newspaper along with its bid.

   Based on the former analysis the projected cost for thirteen newspapers in FY 2001-2002 is $206,067. This was based on a price per line calculation over 12 months. We then adjusted for a planned 9-month usage for a projected total of $153,500.

   We then obtained sample copies of advertising and noticed that these were based, in large part, on the following:
      a. Ads exceeding the 4" x 6" ad size required by the City
      b. Different type sizes and column widths
      c. Some prices are not as specified in outreach advertising contracts

   See, Exhibit F containing copies of actual ads published by outreach newspapers in FY 2000-2001.

   At the request of the Board, we also performed a different analysis of projected costs based on the bids only, taking into account:
      a. cost of the ad, based on price per line and number of lines per ad
      b. translation costs, where applicable
      c. number of ads that will be published by each newspaper in FY 2001-2002

   Surprisingly, the projected cost for thirteen newspapers, for FY 2001-2002 for twelve months under this new analysis is $142,488, or $98,694 for nine months. See Exhibit G, containing a copy of these two budgets.

   You also requested an explanation of the estimate cost of outreach advertising in FY 2001-2002. Our reply to this question is appended as Exhibit H

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2. A survey conducted by the Purchasing Division, during the week of August 27, 2001, shows that departments do both place ads through the Clerk of the Board of Supervisors and place ads going directly to the outreach advertising newspapers. With regards to payments, departments respondec that payment for ads placed directly to the outreach advertising newspapers is through the departm own budget, and does not ever impact the outreach advertising fund.

   The California Newspaper Service Bureau (CNSB) – the agency responsible for coordinating billi for the outreach newspapers - indicated that they maintain two separate accounts for outreach advertising. One is for the weekly ad placed by the Clerk of the Board of Supervisors and the othe for ads placed by departments directly to outreach newspapers.

   The CNSB further stated that invoices for ads placed by departments are sent to the department pl the ad. Adding that all payments for the Board of Supervisors' weekly outreach advertising are su to the approval of the Office of the Clerk of the Board.

   With regards to payments, the Office of the Clerk of the Board indicated to the Purchasing Divisic that they approve payments for the Board's weekly ad only.

   Source: Survey of departments conducted by the Office of Contract Administration, 08/27/01
   California Newspaper Service Bureau

Please, see Exhibits I through M, responding to other questions in your email (Outreach Advertising 2 through 6).

We trust this memorandum answered all of your concerns. If you have additional questions or need r information, email or contact me at 554-6740.

cc: Harvey Rose, Budget Analyst
Gloria Young, Clerk of the Board of Supervisors

ánd County of San Francisco

Willie Lewis Brown, Jr.
Mayor

Purchasing Department

Judith A. Blackwell
Director

August 1, 2001

To: Gloria Young
Clerk of the Board
San Francisco Board of Supervisors

Through: Judith A. Blackwell
Director of Purchasing
Purchasing Department

From: Michael D. Ward
Assistant Director of Purchasing
Purchasing Department

Subject: Designating Official and Outreach Newspapers for FY 2001-2002

The Purchasing Division is writing this letter in response to inquiries from members of the Finance Committee with regards to the designation of newspapers for official and outreach advertising services for Fiscal Year 2001-2002.

Official Advertising - Type 1 Consecutive Day

Purchasing solicited but did not receive bids for Type 1 Consecutive Day Advertising. However, the San Francisco Chronicle offered its services to the City at a bulk contract rate of $8.42 per line.

The Chronicle meets the Administrative Code requirements for an official newspaper, including circulation of 50,000 per week, consecutive day publication and is printed in the City. However, the Chronicle is not compliant with Chapter 12B of the Administrative Code.

A sole source contract with the Chronicle is a viable option because this is an instance when no bids were received, there are no qualified newspapers that are in compliance with Chapter 12B and the contract is essential to the City and its residents. With regards to Chapter 12B, the Purchasing Division will request a waiver from the Human Rights Commission.

The following is the estimated advertising costs for Type 1 Consecutive Day Advertising for FY2000-01 and FY2001-2002.

	Examiner FY 2000-2001	Chronicle Offer FY 2001-2002
Cost Per Line	$2.46	$8.42
Estimated annual cost:	$38,890	$133,114
Annual Cost Increase:		$ 94,224
Percent Increase:		243%

H., Room 430 1 Dr. Carlton B. Goodlett Place Tel. (415) 554-6743 Fax (415) 554-6717 San Francisco CA 94102-4685

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August 1, 2001
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The contract rate of $2.46 per line in FY 2000-2001 was based on the Examiner circulation of 108,896, accordin to the Audit Report of September 30, 1999. The circulation figures for the San Francisco Chronicle for the perio ending March 31, 2001 are All Day 527,466 and Sunday 540,074.

The Chronicle's offer of $8.42 per line is a considerable saving off the open non-contract rate of $16.33 per line. rate of $8.42 per line is the equivalent of a bulk contract rate.

It should be noted that the San Francisco Examiner also expressed interest in providing its services to the City. However, the Examiner is not printed in the city as required by Article IX of the Administrative Code and has no intention of doing so in the foreseeable future. In addition, the Examiner is not compliant with the requirements Chapter 12B of the Administrative Code.

Appended to this letter, as Exhibit A, is the draft of a resolution authorizing the Purchasing Division to negotiate source contract with the San Francisco Chronicle.

Outreach Advertising

The Purchasing Division solicited bids for outreach advertising and received only four responsive bids - one from Hispanic community and three from the Chinese community.

Given the number of responsive bids received, only two communities mandated by Proposition J would have out advertising coverage in Fiscal Year 2001–2002. In addition, non-Prop. J communities -requested by the Board in Resolution No. 841-00, passed October 2, 2000- would not have outreach advertising coverage. These are the R Southeast Asian, Korean and Filipino communities.

Given that the newspapers submitting responsive bids do not adequately serve all neighborhoods, the Board migh to authorize additional outreach advertising. As proposed, the maximum estimated cost of cost outreach advertis Fiscal Year 2001-2002 would be $206,067. This amount depends on the number of outreach newspapers that wi authorized by the Board. The total estimated amount that will be available in the Outreach Advertising Fund in F Year 2001-2002 is $241,392. Should the Board elect to authorize the proposed additional advertising, communi coverage would be as follows:

Community	Outreach Newspaper
Hispanic/Latino:	El Mensajero El Latino El Reportero
Chinese	China Press Chinese Times AsianWeek
African American	San Francisco Bay View
Lesbian/Gay/Bi-sexual/Transgender	Spectrum Bay Area Reporter S.F. Bay Times

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Community	Outreach Newspaper
Russian	Russian Life
Southeast Asian	Mo Magazine
* Japanese	Hokubei Mainichi

* Not requested by the Board in Resolution No. 841-00.

Appended to this letter, as Exhibit B is the draft of a resolution designating outreach advertising newspapers and authorizing the Purchasing Division to execute contracts with the designated periodicals. The Purchasing Division requests that this item be treated as an Amendment of the Whole and calendared for the Finance Committee meeting of August 8, 2001.

On file, is a resolution (File No. 01-0867) designating the China Press to be outreach newspaper of the City and County of San Francisco for the Chinese community, and El Mensajero to be outreach newspaper of the City and County of San Francisco for the Hispanic community, for outreach advertising for the fiscal year ending June 30, 2002. On 05/30/01, the Finance Committee continued this item. And on 07/18/01, the Committee again continued the item, to the Call of the Chair.

The Purchasing Division's contact persons for File No. 01-0867 and the proposed Amendment of the Whole, and official advertising resolution are:

Mike Ward	554-6740
Luis Espinoza	554-6736

Please, advise if the Board needs additional information before the Finance Committee or Full Board meeting. The Purchasing Division looks forward to reviewing this matter with the Board.

Exhibits:

A. Resolution - Official Advertising
B. Resolution – Outreach Advertising

cc Harvey Rose, Budget Analyst

Attachment

San Francisco Chronicle

a Hearst Newspaper

May 3, 2001

Andrea Rosato
Call Center Manager
Classified Advertising

City and County of San Francisco
Purchasing Department
City Hall, Room 430
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Luis M. Espinoza
Senior Purchaser

Dear Luis:

The San Francisco Chronicle is willing to extend to the City and County of San Francisco the rate of $8.42 per line, which is equivalent to a bulk contract level of 3,000 lines per quarter, or 12, 000 lines per year.

This is a considerable saving off the open non-contract 2 x consecutive rate of $16.33 per line. In addition, The City and County of San Francisco will not be short rated if it does not achieve the bulk contract performance of 3,000 lines minimum per quarter, and will not be required to sign a contract.

The contract rate that was extended to the City and County for the term July 1, 2000 through June 30, 2001 of $2.46 a line, was based on The Examiner circulation of 108,896 according to the Audit Report of September 30, 1999. Our most recent circulation figures for the San Francisco Chronicle released from the Fas-Fax for a six-month period which ended March 31, 2001 are: All Day, 527,466 - Sunday, 540,074. Also, we will continue to deliver ten Chronicle newspapers to your office every Friday.

Please contact me if you have a question.

Sincerely,

Andrea Rosato
Call Center Manager
San Francisco Chronicle

AR/gc

901 Mission Street • San Francisco • CA 94103 • ph: (415) 777-7184 • fax: (415) 536-4365 • pager: (415) 850-2036 • email: arosato@sfchronicle.com

Item 2 - Files 01-1561

Note: This item was transferred from the Economic Vitality, Small Business and Social Policy Committee Meeting of October 2, 2001.

Department: Department of Human Services (DHS)

Item: Resolution approving the retroactive modification to extend the contract between the Department of Human Services (DHS) and Addus Healthcare for the provision of In-Home Supportive Services (IHSS) for the seven-month period from July 1, 2001 to January 31, 2002, in an increased amount not to exceed $4,182,526, from a total contract amount of $17,197,171 to $21,379,697.

Contract Extension Amount: Not to exceed $4,182,526

Term of Contract Extension: July 1, 2001 through January 31, 2002 (seven months)

Budget: Attachment I, provided by Mr. Joseph Huang of DHS, is a 42-month (35-month existing contract plus the subject 7-month contract extension) budget for the total $21,379,697 contract, from August 1, 1998 through January 31, 2002, identifying the $4,182,526 proposed modification for the seven-month period from July 1, 2001 through January of 2002.

Source of Funds: A combination of General Fund monies (22 percent) and Federal funds (78 percent). The sources of funding for the $4,182,526 modification to the existing contract, as provided by the Department of Human Services (DHS), are as follows:

General Fund monies previously approved in DHS's FY 2001-2002 budget	$920,156
Federal funds previously approved in DHS's FY 2001-2002 budget	3,262,370
Total	$ 4,182,526

Description: In-Home Supportive Services (IHSS) is an entitlement program which provides funding for low-income seniors and disabled people to receive non-medical personal care and other household assistance in their homes from visiting

workers. IHSS care can allow seniors and disabled persons to remain in their own homes and thereby avoid unnecessary and expensive hospitalization or institutionalization.

IHSS services are provided by either independent providers or contracted providers. All IHSS services are funded by a combination of City General Fund monies and State and Federal Medicaid funds. In July of 1998, the Board of Supervisors approved two contracts for IHSS services, one with Addus Healthcare and one with the IHSS Consortium, for the 35-month period from August 1, 1998 to June 30, 2001, with an option to renew for one additional year (Files 98-934 and 98-935).

According to Mr. Huang, since 1994, the contractual IHSS services have been divided into two separate contracts, one with Addus Healthcare, a private for-profit provider, and one with the IHSS Consortium[1], a nonprofit agency, which is the other DHS contractor providing IHSS services. IHSS Consortium provides more intensive supervision. Addus Healthcare has provided IHSS services consisting of regular supervision which require less intensive supervision than the IHSS Consortium. Mr. Huang advises that both the Addus Healthcare and the IHSS Consortium contracts expired on June 30, 2001. However, Mr. Huang notes that two Request for Proposals (RFPs) were issued by DHS prior to the expiration of these contracts (See Comment No. 1).

On July 23, 2001, the Board of Supervisors approved a new intensive supervision contract to provide IHSS services with the IHSS Consortium for the three-year period from July 1, 2001 through June 30, 2004 (File 01-1092). However, according to Mr. Huang, a new IHSS contract which provides regular supervision IHSS contract services has not yet been awarded. The existing three-year contract with Addus, which was previously approved by the Board of Supervisors, expired on June 30, 2001.

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[1] The IHSS Consortium is an association of nonprofit agencies which includes the Independent Living Resource Center, Self-Help for the Elderly, Mission Neighborhood Center, Kimochi, Inc., Bayview-Hunters Point Multipurpose Senior Services Center, Catholic Charities and Western Addition Senior Citizens Service Center.

Therefore, DHS is requesting retroactive approval of the proposed resolution, which would authorize a not to exceed $4,182,526 contract modification, to extend the existing $17,197,171 regular supervision contract with Addus Healthcare for a period of seven months, retroactive from July 1, 2001 through January 31, 2002, bringing the total contract amount to $21,379,697. The proposed seven-month extension with Addus would allow for the continuation of such regular supervision IHSS services for the period of July 1, 2001 through January 31, 2002, pending negotiations with Addus and IHSS Consortium (see Comment 1) or a potential new RFP process to select a contractor to provide regular IHSS supervision services. The new contract is anticipated to begin on February 1, 2002. Mr. Huang states that the Human Services Commission approved the proposed seven-month contract extension with Addus Healthcare on August 23, 2001.

Under the first modification to the existing contract between DHS and Addus Healthcare, approved by the Board of Supervisors in June of 2001, the 35-month (August 1, 1998 through June 30, 2001) contract with Addus Healthcare was increased by $2,308,327, from $14,888,844 to $17,197,171 (File 01-1000). This $2,308,327 increase in the contract included: (1) an increase of $1,929,577 to reflect an increase in the average hourly wage to be paid to the Addus Healthcare IHSS contract workers, from $7.29 to $9.00, for the period from October 1, 1999 through June 30, 2000; and (2) an increase of $378,750, which provided for an increase in the average hourly wage of Addus Healthcare IHSS contract workers from $9.00 to $9.70, for the period from July 1, 2000 through June 30, 2001. With the inclusion of benefits, training, travel, insurance, and administrative costs, as well as worker wages, the total hourly rate charged by Addus Healthcare to DHS under this prior modification increased by $2.94 or 21.6 percent, from $13.62 to $16.56, retroactive to October 1, 1999, and by $1.01 or 6.1 percent, from $16.56 to $17.57, retroactive to July 1, 2000.

The total hourly rate to be charged to DHS by Addus Healthcare under the subject modification, which includes benefits, training, travel, insurance, and administrative costs, as well as worker wages, would increase by $1.55 or 8.82 percent, from $17.57 to $19.12, retroactive to July 1, 2001. The average hourly wage to be paid to the Addus

Healthcare IHSS contract workers under the proposed contract modification would increase by $0.36 or 3.69 percent, from $9.75 to $10.11, retroactive to July 1, 2001. These wages paid to the IHSS workers conform with the Minimum Compensation Ordinance, approved by the Board of Supervisors in September of 2000, which requires that all contracts and contract amendments approved after September of 2000 include an hourly wage of a minimum of $9.00 for such contract workers. In compliance with the Minimum Compensation Ordinance, and according to Mr. Huang, the subject IHSS contracts and contract amendments that are effective after July of 2001 must include hourly wages of a minimum of $10.00.

Under the previously approved 35-month contract with Addus Healthcare, Addus Healthcare provided 375,000 hours of IHSS services per year or 31,250 hours per month. Under the proposed seven-month contract extension, Addus Healthcare would provide 218,750 additional hours of service, or 31,250 hours per month, which is the same number of monthly hours provided under the prior 35-month contract.

Comments:

1. According to Mr. Huang, two separate RFPs for (1) a regular supervision IHSS contract and (2) an intensive supervision IHSS contract were initially issued in February of 2001. Attachment II, provided by Mr. Huang, lists the nine newspapers in which these two RFPs were publicized. Mr. Huang reports that two service providers submitted proposals: (1) IHSS Consortium and (2) Addus Healthcare. The IHSS Consortium bid on both the regular supervision IHSS contract, as well as the intensive supervision IHSS contract. Addus Healthcare bid only on the regular supervision contract.

According to Mr. Huang, in April of 2001, the IHSS Consortium, the only bidder for the <u>intensive</u> supervision contract, was selected by DHS to be the service provider for both the <u>intensive</u> supervision contract and the <u>regular</u> supervision contract. However, the results of the RFP process for the <u>regular</u> supervision IHSS contract, which began in February of 2001, were contested by Addus Healthcare, as explained in the memorandum provided by Mr. Huang of DHS as Attachment III. This memorandum explains that DHS has initiated negotiations between Addus Healthcare

and the IHSS Consortium to determine if they can share the service load for their regular supervision clients. Mr. Huang advises that it is anticipated that these negotiations will produce a satisfactory resolution to the bid protest and will result in a contract that provides the optimal level of services for IHSS consumers. However, Mr. Huang advises that the proposed seven-month contract extension with Addus Healthcare is necessary in order to continue providing regular supervision IHSS services during this negotiation period. If the negotiations do not produce the desired result, Mr. Huang reports that the Department would then issue a second RFP to select the regular supervision IHSS contractor.

2. As noted in Attachment I, under the proposed seven-month contract extension, Addus Healthcare would receive $13,262 in profit over the seven-month contract extension period, or approximately $1,895 per month. As shown in Attachment I, Addus Healthcare received profits of $14,809 in FY 2000-2001, or an average of $1,234 per month. The proposed $1,895 in monthly profit represents an increase of $661 or approximately 53.57 percent over the current $1,234 average monthly profit in FY 2000-2001. However, the proposed $13,262 profit for Addus Healthcare represents less than one-half of one percent of the total proposed contract modification of $4,182,526.

3. In August of 2001, the Finance Committee tabled a proposed two-month contract extension with Addus Healthcare (File 01-1228). Under that proposed two-month contract extension, Addus would have received $57,301 in profits over the two-month contract extension period, or $28,650 in profit per month. The Budget Analyst had noted that Addus received a total profit of $42,948 for the three-year period of FY 1998-1999, FY 1999-2000, and FY 2000-2001. On an annualized basis, the total profit of $28,650 per month would have amounted to $343,800. If that $28,650 in monthly profit had been approved, such profit would have resulted in an increase in profits to Addus of $27,416 or 2,221.7 percent over the $1,234 average monthly profit authorized in the third year of the previous 35-month contract with Addus.

As noted in the Description above, under the proposed seven–month contract extension with Addus Healthcare, the total

hourly rate to be charged by Addus would increase from the current $17.57 to $19.12, an increase of $1.55 per hour, or 8.82 percent. Mr. Huang explains that the $19.12 hourly rate to be charged by Addus Healthcare under this proposed seven-month contract extension reflects a negotiated compromise between DHS and Addus Healthcare, subsequent to the Finance Committee tabling the previously proposed two-month contract extension. Mr. Huang notes that the subject proposed hourly rate of $19.12 is $2.64 less per hour than the previously proposed $21.76 hourly rate for Addus Healthcare. Mr. Huang also notes that the DHS intensive supervision contractor, IHSS Consortium, currently receives $20.88 per hour to provide intensive supervision IHSS services, as compared with the proposed rate of $19.12 per hour for <u>regular</u> supervision IHSS services for Addus Healthcare, or $1.76 per hour less than the IHSS Consortium contract.

4. According to Mr. Huang, Addus Healthcare has been providing but has not been paid for these regular supervision IHSS services since July 1, 2001. Mr. Huang reports that in July and August of 2001, Addus Healthcare actually billed a total of 59,478 hours of regular supervision IHSS services. At a proposed rate of $19.12 per hour, this results in total increased costs of $1,137,219. Mr. Huang advises that if the proposed resolution is approved, Addus would be paid for these regular supervision IHSS services retroactive to July 1, 2001.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Document Date: 8/22/01

BUDGET MODIFICATION SUMMARY

Contractor's Name	Contract Term
ADDUS HEALTHCARE	8/1/98 - 1/31/02
(Check One) New ___ Renewal ___ Modification _X_	Modification Period
If modification, Effective Date of Mod. 7/1/00 No. of Mod. 3	7/1/01 - 1/31/02

Program: In-Home Supportive Services	CURRENT YR 1	CURRENT YR 2	CURRENT YR 3	CURRENT TOTAL	PROPOSED MODIFICATION	NEW CONTRACT TOTAL
Term	8/1/98 - 6/30/99	7/1/99 - 6/30/00	7/1/00 - 6/30/01	8/1/98 - 6/30/01	7/1/01 - 1/31/02	8/1/98 - 1/31/02
IHSS Provider Wages						
Full Time	$2,507,864	$3,231,956	$3,657,346	$9,397,166	$2,211,724	$11,608,890
Part Time	$0	$0	$0	$0	$0	$0
IHSS Provider Employment Taxes						
Social Security (FICA)	$226,170	$297,355	$336,255	$859,780	$206,188	$1,065,968
Federal Unemploymt Ins (FUTA)	$23,652	$31,096	$35,279	$90,027	$21,562	$111,589
State Unemploymt Ins (SUI)	$73,912	$97,175	$109,919	$281,006	$21,562	$302,568
State Disability Ins (SDI)	$0	$0	$0	$0	$0	$0
City Payroll Tax	$44,347	$58,305	$66,101	$168,753	$40,429	$209,182
IHSS Provider Worker's Compensation	$310,429	$397,400	$454,460	$1,162,289	$242,575	$1,404,864
IHSS Provider Employment Benefits						
Vacation	$130,059	$166,994	$186,634	$483,687	$148,480	$632,167
Sick Leave	$103,671	$133,094	$148,747	$385,512	$141,550	$527,062
Holiday	$67,752	$107,926	$124,377	$300,055	$63,550	$363,605
Health Insurance	$332,430	$378,615	$382,069	$1,093,114	$245,140	$1,338,254
Dental Insurance	$67,053	$73,148	$73,148	$213,349	$37,199	$250,548
Pension	$77,344	$101,250	$106,875	$285,469	$64,874	$350,343
IHSS Provider Travel Costs						
Travel Wages	$147,124	$188,907	$211,125	$547,156	$129,969	$677,125
Mileage	$68,915	$75,180	$75,180	$219,275	$61,250	$280,525
IHSS Provider Orientation/Skill Dev						
Training Wages	$45,073	$58,114	$65,159	$168,346	$32,191	$200,536
Training Staff/Consultants	$2,596	$2,832	$2,832	$8,260	$0	$8,260
Other Training Costs	$0	$0	$0	$0	$0	$0
Administrative Salaries						
Local Administration	$30,569	$34,630	$35,913	$101,112	$32,136	$133,248
Clerical	$24,397	$27,706	$28,754	$80,857	$26,880	$107,737
IHSS Supervisors	$178,725	$234,889	$245,700	$659,314	$198,545	$857,860
Salaries to Owners/Officers/Dirs.	$0	$0	$0	$0	$0	$0
Administrative Taxes						
Social Security (FICA)	$17,877	$22,738	$23,565	$64,180	$21,712	$85,891
Federal Unemploymt Ins (FUTA)	$1,870	$2,378	$2,464	$6,712	$2,270	$8,983
State Unemploymt Ins (SUI)	$5,842	$7,431	$7,701	$20,974	$7,095	$28,069
City Payroll Tax	$3,505	$3,487	$4,650	$11,642	$4,257	$15,899
Administrative Worker's Compensation	$3,061	$3,894	$4,035	$10,990	$3,718	$14,708
Administrative Benefits						
Vacation	inc in sal.	inc in sal.	inc in sal.	$0	inc in sal.	$0
Sick Leave	inc in sal.	inc in sal.	inc in sal.	$0	inc in sal.	$0
Holiday	inc in sal.	inc in sal.	inc in sal.	$0	inc in sal.	$0
Health Insurance	$27,279	$29,759	$29,759	$86,797	$24,514	$111,311
Dental Insurance	$4,797	$5,233	$5,233	$15,263	$3,720	$18,983
Administrative Travel						
Travel Wages	inc in sal.	inc in sal.	inc in sal.	$0	inc in sal.	$0
Mileage	$11,550	$12,600	$12,600	$36,750	$7,350	$44,100
Insurance and Bonding						
Liability Insurance	$14,955	$22,825	$25,821	$63,601	$13,613	$77,214
Automobile Insurance	inc above	inc above	inc above	$0	inc above	$0
Fidelity Bond	$0	$0	$0	$0	$0	$0
Performance Bond	$0	$0	$0	$0	$0	$0
Letter of Credit	inc in oth.	inc in oth.	inc in oth.	$0	inc in oth.	$0
Office Expenses						
Rent	$35,017	$38,200	$38,200	$111,417	$42,000	$153,417
Maintenance/Janitorial	$0	$0	$0	$0	$0	$0
Utilities	$0	$0	$0	$0	$0	$0
Equipment (new)	$0	$0	$0	$0	$0	$0
Equipment Maintenance	$3,300	$3,600	$3,600	$10,500	$302	$10,802
Equipment Deprec. (prior purchase	$0	$0	$0	$0	$0	$0
Accounting and Data Processing	$0	$0	$0	$0	$0	$0
Telephone	$14,208	$15,500	$15,500	$45,208	$13,125	$58,333
Postage	$5,958	$6,500	$6,500	$18,958	$2,043	$21,001
Photocopying/Printing	$6,875	$7,500	$7,500	$21,875	$1,352	$23,227
Supplies	$9,625	$10,500	$10,500	$30,625	$11,375	$42,000
Personnel Advertising	$1,650	$1,800	$1,800	$5,250	$3,080	$8,330
Other Costs	$22,917	$25,000	$25,000	$72,917	$78,750	$151,667
Profit	$13,402	$14,738	$14,809	$42,948	$13,262	$56,211
Audit Costs	$5,042	$5,500	$5,500	$16,041	$3,182	$19,223
TOTAL COSTS	$4,870,810	$5,935,752	$6,590,609	$17,197,171	$4,182,526	$21,379,697
Full Time Equivalent (FTE)						

Prepared by: Telephone No.: (559)324-6513 Date 8/22/01

DHS-CO Review Signature:

ATTACHMENT I

To: Budget Analyst Office
From: Joseph Huang, Senior Contracts Manager
Date: May 31, 2001
Re: Advertisement for RFP 198

For RFP 198, the Department of Human Services advertised through the Purchasing Department in its Bids & Contracts Opportunity Newsletter and on the City and County's Bids and Contracts website (http://sunset.ci.sf.ca.us/pbids.nsf) with links from the Department of Human Services' website. The Department also advertised through the following newspapers: San Francisco Independent, Bay Guardian, Asian Weekly, Bay Area Reporter, El Bohemia News, The Sun Reporter, San Francisco Bayview, Bay Area Business Woman, and El Mensejero. The Department also sent direct mailings to the current contractors, Addus Healthcare (a for-profit) and IHSS Consortium (a not-for-profit).

The following organizations were aware of the RFP, as they provided letters of support to the IHSS Consortium's proposal or were included in the proposal.

Arriba Juntos
Bayview-Hunters Point Multipurpose Senior Services
Bethany Center
Consumers in Action for Personal Assistance
Family Service Agency of San Francisco
Goldman Institute on Aging
Independent Living Resource Center of San Francisco
IHSS Public Authority
Kimochi, Inc.
Legal Assistance to the Elders, Inc.
Little Brothers – Friends of the Elderly
North of Market Senior Services
Northern California Presbyterian Homes and Services
On-Lok Senior Center
Planning for Elders in the Central City
Project Open Hand
San Francisco Adult Day Services Network
Senior Action Network
Seniors At Home – Jewish Family and Children Services
Self-Help for the Elderly
Western Addition Senior Citizen's Senior Center, Inc.

and County of San Francisco Department of Human Services

To: Budget Analyst Office
From: Joseph Huang, Senior Contracts Manager
Date: September 25, 2001
Re: Addus Modification and RFP Process Chronology

The Department of Human Services issued RFP 198 on February 14, 2001. Proposals were due on March 27, 2001. Two proposals were received as of the due date: one from Addus Healthcare and one from the In-Home Supportive Services Consortium. The review panel that was convened on April 10, 2001 rated the Consortium proposal higher so the contract was tentatively awarded to the IHSS Consortium on April 17, 2001. Addus Healthcare subsequently filed a formal protest of the RFP process.

To address the issues raised by Addus Healthcare, the Department initially decided to convene a separate review panel. The new panel would have been convened in late July/early August, with the new decision presented to the Human Services Commission, and then the Board of Supervisors, in August 2001, and the new contract would have started on September 1, 2001. It was under this scenario that the Department negotiated a two-month extension with Addus Healthcare to continue services through August 31, 2001, in order to prevent a disruption in service to clients. The two main elements subject to negotiation were the length of the extension and the rate of the extension. Addus asked for a 12 month extension at the rate proposed by them ($21.76) while the Department supported a 2 month extension at the current contract rate ($17.57). The compromise solution was to have a 2 month extension at the $21.76 rate. This two-month contract extension was approved by the Human Services Commission on June 28, 2001 and presented to the Board of Supervisors Finance Committee on August 1, 2001. The Finance Committee, however, did not approve this modification because the increase in profits that occurred with the increase in rate (from $17.57/hour to $21.76/hour) seemed excessive.

In subsequent meetings between Addus Healthcare and the Department and in written correspondence from Addus to the Department, Addus Healthcare raised additional concerns with the RFP process and with the second review panel. Based on these additional concerns and the Addus' protest of the original tentative award, the Department canceled RFP #198 and initiated negotiations between Addus and the IHSS Consortium to determine the optimal share of service load for these clients and to reach a satisfactory solution to the bid protest. The new contract that results from these negotiations is expected to begin on February 1, 2002.

With the Finance Committee's rejection of the proposed increased rate, the Department has renegotiated with Addus Healthcare for the extension of their current contract. The new extension is for the period from July 1, 2001 through January 31, 2002, with the proposed rate a modest increase, from $17.57/hour to $19.12/hour, which includes increasing the minimum wage to $10.00/hour.

Item 3 – File 01-1715

Department:	Airport
Item:	Resolution authorizing the Airport to accept and expend two grants totaling $23,849,790 from the Federal Aviation Administration for Airport Improvements. $15,525,000 of the total grant award of $23,849,790 would be expended on four capital improvement projects managed by the Airport's Facilities Operations and Maintenance Division, and $8,324,790 of the total grant award of $23,849,790 would be expended on Preliminary Engineering and Environmental Planning for Environmental Evaluation managed by the Airfield Development Bureau, pertaining to the two airport runway reconfiguration projects.
Source of Funds:	Federal Aviation Administration (FAA)
Grant Amount:	$23,849,790
Grant Period:	September 6, 2001 through September 6, 2005 (four years). According to Ms. Cathy Widener of the Airport, the Airport has not accepted or expended any of the subject grant funds to date.
Required Match:	$7,949,930, which includes $5,175,000 in Airport Capital Improvement Project Funds and $2,774,930 in Airport Passenger Facility Charges Revenues (see Comment 5).
Indirect Costs:	The Airport waives the inclusion of indirect costs to maximize the use of such funds for the subject projects.
Description:	The proposed resolution would authorize the Airport to accept and expend FAA grant funds for improvement projects under the Airport Improvement Program. According to Ms. Widener, $15,525,000 of the subject grant funds would be used for four Airport development projects and $8,324,790 of the subject grant funds would be used for two airport runway reconfiguration projects.

The four Airport development projects include:

(a) Design and construction of runway shoulders on the Airport's two existing runways[1]. The two runway shoulders will be widened to comply with FAA requirements, which require wider shoulders to prevent engine ingestion of foreign object debris, blast erosion, and dust control. Additionally, the wider shoulders would accommodate maintenance and emergency equipment.

(b) Improvements in airfield lighting for safe aircraft operations in low visibility conditions.[2] Improvements would include additional taxiway lighting, guidance signs, and lighting monitoring, which would initiate an alarm at the control tower when the lighting lamps fail. The proposed improvements would comply with FAA requirements for surface movement guidance and operation in low visibility conditions to enhance safety.

(c) Upgrades and repairs to the timber trestle, which is the wooden platform extending beyond the end of the runways and into the San Francisco Bay and supporting the lights that are required during the final approach by aircraft. The timber trestle improvements include replacement of walkway, handrails, and other structural elements of the timber trestles, which, according to Ms. Widener, are unsafe and require both repairs and upgrades.

(d) Improvements to the hydraulic flow to the existing South Detention Pond, which is used to capture initial storm water runoff,[3] and reroute four existing main drainage flow lines from the Airport terminals and roadways to the South Drainage Canal to make room for a future aircraft taxiway.

Total estimated project costs for the four Airport development projects will be $20,700,000, of which $15,525,000 will be paid from the subject grant and $5,175,000 will be paid from Airport Capital Improvement Project Funds.

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[1] The shoulder widening would occur at two locations, 10L-28R, which is located on the southeast side of Runway 28R, which is 11,870 feet running north-south, and 1R-19L, which is located on the southeast side of Runway 1R, which is 9,500 feet running east-west.

[2] By FAA definition, "low visibility" is when visibility is less than 1,200 feet.

[3] According to Ms. Widener, the storm water runoff, which is captured in the South Detention Pond is then treated through the Industrial Waste Treatment Plant to prevent any pollutants from entering the Bay.

The two Airport runway configuration projects include:

(a) Preliminary engineering services to support the environmental evaluation of a potential third runway. According to Ms. Widener, the preliminary engineering services will provide the necessary technical data and information for the environmental review and permitting processes that will be required for any proposal to construct a third Airport runway. The proposal to construct a third Airport runway includes constructing a runway on earth fill of the Bay, constructing a runway on a pile-supported structure, or a combination of the two. Ms. Widener states that the preliminary engineering reports are necessary to identify the effects of different methods of constructing a new runway on Bay water circulation and sedimentation, air quality, and other environmental impacts. According to Ms. Widener, such preliminary engineering is required as part of the Environmental Impact Report and Environmental Impact Statement (EIR/EIS).

(b) Environmental services to conduct field surveys and habitat studies of the proposed sites to construct a third Airport runway, to identify other sites in the Bay Area to offset habitat loss from the construction of the proposed runway, and to prepare a Mitigation Plan for submittal to the U.S. Army Corps of Engineers and other regulatory agencies.

Total estimated project costs for the two Airport runway reconfiguration projects will be approximately $11,099,720, of which $8,324,790 will be paid from the subject grant and $2,774,930 will be paid from the Airport Passenger Facility Charges Revenues.

Budget: The proposed budget for the four Airport development projects and two Airport runway reconfiguration projects is as follows:

	Federal Grant Funds	Airport Matching Funds	Total Project
Airport development projects			
Administrative expenses	$37,500	$12,500	$50,000
Architectural and engineering services	1,162,500	387,500	1,550,000
Project inspection fees	1,125,000	375,000	1,500,000
Construction costs	13,200,000	4,400,000	17,600,000
Subtotal	15,525,000	5,175,000	20,700,000
Runway reconfiguration projects			
Engineering services	6,584,790	2,194,930	8,324,790
Environmental services*	1,740,000	580,000	2,774,930
Subtotal	8,324,790	2,774,930	11,099,720
Total project costs	**$23,849,790**	**$7,949,930**	**$31,799,720**

* The total budget for environmental services for habitat mitigation studies is $4,150,000, which includes $2,320,000 ($1,740,000 in FAA grant monies plus $580,000 in required matching funds) plus $1,830,000 in other local funds (see Attachment II).

Comments: 1. Attachment I, provided by the Airport, contains the budget details for the proposed $20,700,000 budget for the four Airport development projects. According to Ms. Josephine Lau of the Airport, existing Airport staff would provide design, engineering, and project management services for the proposed projects. Ms. Lau states that the estimated cost of $1,550,000 for such services, designated in the category under architectural and engineering services, is based on the Airport's estimate that, historically, such services will equal 7.5 percent of total estimated project costs of $20,700,000. Ms. Lau also states that project inspection fees of $1,500,000 include construction management to be performed by Airport staff, construction fees and Airport Operations personnel to oversee the project sites and to ensure safety. According to Ms. Lau, the estimated cost of $1,500,000 for such fees are based on historical estimates, equaling approximately 7.25 percent of the total estimated project costs of $20,700,000.

2. The Airport has budgeted $50,000 for administrative expenses, which, according to Ms. Lau, include charges for preparing reports and specifications, reproduction charges, advertisements, processing invoices and bids, and other administrative expenses incurred by the Airport.

3. Ms. Lau states that the estimated construction costs for four Airport development projects are $17,600,000. Ms. Lau states that the construction projects will be performed by outside contractors who will be selected through a competitive bid process.

4. The proposed budget of $20,700,00 for the four Airport development projects would be over a four-year period. In the first year of funding of the project (First Funding Period), the Airport has budgeted $8,280,000 of the $20,700,000, which includes $6,210,000 in FAA funds and $2,070,000 in local matching funds, as shown in Attachment I.

5. The Airport's FY 2001-2002 budget includes $60,000,000 for a new Passenger Facility Fee Project, funded by new Passenger Facility Charges Revenues. The Board of Supervisors placed these funds on reserve during the FY 2001-2002 budget review, and therefore, the Finance Committee would need to approve the release of $2,774,930 in Passenger Facility Charges Revenues in order for the Airport to use these funds for the required match.[4]

6. Attachment II, provided by the Airport, contains budget summaries for preliminary engineering services to support the environmental evaluation of the proposed third runway reconfiguration project and for the related environmental services for the habitat mitigation study. According to Mr. Kevin Kone of the Airport, outside contractors, selected through a Request for Proposal

[4] According to Ms. Widener, the Airport implemented a $4.50 per passenger surcharge on October 1, 2001, which is deposited in the Passenger Facility Fee Project fund. Ms. Widener states that the $4.50 surcharge is established by the FAA and is not subject to Board of Supervisors approval. Ms. Widener states that the Airport is required to apply to the FAA for approval of uses of the Passenger Facility Charges Revenues. Any changes in the use of such revenues would require FAA and Board of Supervisors approval.

(RFP) process would provide these services. Mr. Kone states that the expenditure of funds, totaling $11,099,720 ($8,324,790 in FAA grant funds and $2,774,930 in required matching funds from the Passenger Facility Charges Revenues), would occur within the first year of the four-year grant period. The Budget Analyst recommends reserving $8,324,790 in FAA grant funds, pending selection of consultants, and submission of budget details, including the hourly rates and the estimated hours of the consultants.

7. The Budget Analyst recommends amending the proposed resolution, by deleting "$11,820,000" on page 2, line 24, and adding $11,099,720, to reflect the correct total amount of FAA grant funds and required matching funds.

8. Attachment III is the Grant Information Form.

Recommendations:

1. Amend the proposed resolution by reserving $8,324,790 in FAA grant funds, pending selection of consultants, and submission of budget details, including the hourly rates and the estimated hours of the consultants, as noted in Comment 6.

2. Amend the proposed resolution by deleting "$11,820,000" on page 2, line 24, and adding $11,099,720, as noted in Comment 7.

3. Approve the proposed resolution as amended.

U.S DEPARTMENT OF TRANSPORTATION - FEDERAL AVIATION ADMINISTRATION — OMB NO. 80-R0184

PART III - BUDGET INFORMATION - CONSTRUCTION

SECTION A - GENERAL

1. Federal Domestic Assistance Catalog No. 20-106

2. Functional or Other Breakout ....

SECTION B - CALCULATION OF FEDERAL GRANT

Cost Classification	Use only for revisions: Latest Approved Amount	Use only for revisions: Adjustment + or (-)	Total Amount Required
1. Administration expense	$	$	$ 50,000
2. Preliminary expense			
3. Land, structures, right-of-way			
4. Architectural engineering basic fees			1,550,000
5. Other Architectural engineering fees			
6. Project inspection fees			1,500,000
7. Land development			
8. Relocation Expenses			
9. Relocation payments to Individuals and Businesses			
10. Demolition and removal			
11. Construction and project improvement			17,600,000
12. Equipment			
13. Miscellaneous			
14. Total (Lines 1 through 13)			20,700,000
15. Estimated Income (if applicable)			20,700,000
16. Net Project Amount (Line 14 minus 15)			
17. Less: Ineligible Exclusions			
18. Add: Contingencies			-0-
19. Total Project Amt. (Excluding Rehabilitation Grants)			20,700,000
20. Federal Share requested of Line 19			15,525,000
21. Add Rehabilitation Grants Requested (100 Percent)			15,525,000
22. Total Federal grant requested (Lines 20 & 21)			15,525,000
23. Grantee share			5,175,000
24. Other shares			
25. Total Project (Lines 22, 23 & 24)	$	$	$ 20,700,000

FAA Form 5100-100 (6-73) SUPERSEDES FAA FORM 5100-1- PAGES 1 THRU 7 — Page 4

PART III - BUDGET INFORMATION

SECTION A - BUDGET SUMMARY *(First Funding Period)*

Grant Program, Function or Activity (a)	Federal Catalog No. (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. D-V Runway 10L-28R & 1R-19L Shoulder Widening	20-106			$2,400,000	$800,000	$3,200,000
2. Airfield Low Visibility Improvements	20-106			$1,650,000	$550,000	$2,200,000
3. Timber Trestle Improvements	20-106			$360,000	$120,000	$480,000
4. South Field Drainage Improvements	20-106			$1,800,000	$600,000	$2,400,000
5. TOTALS				$6,210,000	$2,070,000	$8,280,000

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	Grant Program, Function or Activity				TOTAL (5)
	(1) D-V Runwy Shldr Widen	(2) Low Visibility Imprvmts	(3) Timber Trestle Imprvmts	(4) S field Drainage Imprv	
a. Personnel					
b. Fringe Benefits					
c. Travel					
d. Equipment					
e. Supplies					
f. Contractual					
g. Construction	$6,800,000	$4,700,000	$1,000,000	$5,100,000	$17,600,000
h. Other*	$1,200,000	$800,000	$200,000	$900,000	$3,100,000
i. Total Direct Charges					
j. Indirect Charges					
k. TOTALS	$8,000,000	$5,500,000	$1,200,000	$6,000,000	$20,700,000
7. Program Income	N/A	N/A	N/A	N/A	N/A

* Includes all Architectural, Engineering and Inspection Budget

FAA Form 5100-101 (8-73) SUPERSEDES FAA FORM 5910-1 AND 5920-1

Estimated Budget for Preliminary Engineering AIP 17
San Francisco International Airport
Airfield Development Bureau

Travel includes all travel by consultants and subs required to conduct testing and provide professional services realted to the project	$ 263,392
Repro includes the reproduction of all reports required as part of the deliverables for this project (each report submitted with 10 copies)	$ 175,594
Computer Cost cost of computer time used to run all analyses and models related to the engineering applications to be studied and reported on by consultant	$ 263,392
Administration cost of office staff used by consultant and miscellaneous admin duties required to provide the services detailed in the scope of work	$ 438,986
Contingency based on standard 10 percent for required changes in testing due to unforseen issues related to geotechnical and hydro conditions	$ 877,972
Postage/Courrier estimated costs associated with the delivery of drafts for review and the shipment of final reports to ADB and required agencies.	$ 87,797
Professional Services estimated cost of professional services provided for all aspects of the scope of work identified in the contract including the services of engineers, CADD technicians and any subconsultants needed for testing services	$ 6,672,587
Total	**$ 8,779,720**

Provided by the San Francisco International Airport, 10/10/01

Airport Commission
San Francisco International Airport

PROJECT COST ESTIMATE
HABITAT MITIGATION SITE PLANNING & ASSESSMENT

AIP Application

Description of Work	Estimated Cost
Develop Phase 2 Mitigation Site Ranking Criteria	$63,000
Conduct Phase 2 Mitigation Site Ranking	$150,000
Conduct Resource Assessments	$357,000
A. Conduct Constraints-Level Wetland Characterization	
B. Characterize Biological Communities	
C. Identify Potential Special-Status Species Habitat	
D. Identify Known Cultural Resources	
E. Identify Existing Infrastructure/Utilities	
F. Identify Incompatible Land Uses	
G. Identify Existing Flooding and Flood Control Constraints	
Develop Mitigation Alternatives and Mitigation Concept Plans	$230,000
A. Collect Existing Information	
B. Conduct Reconnaissance-Level Field Visits	
C. Develop Draft	
Prepare Preliminary Mitigation and Monitoring Plan	$601,000
A. Conduct Topographic Surveys	
B. Prepare Program Mitigation Plan	
C. Prepare Plans for Example Sites	
D. Prepare Mitigation Monitoring Plan	
. Coordinate with Other Studies and Compliance Activities	$406,000
A. Provide Support for Habitat Valuation Process	
B. Provide Support for Preparation of the EIR/EIS Process	
C. Provide Support for Project Permitting	
. Strategy Consultation	$25,000
. Project Management	$334,000
. Contingency Planning	$514,000
. Obtain Infrared Aerial Photography	$75,000
. Land Owner Access Fees	$10,000
. Project Communication Documents	$21,000
. Evaluate Alternative Mitigation Implementation	$26,000
. Develop Conceptual Plans for Alternate Mitigation Actions	$56,000
. Provide Business Relocation Services	$1,282,000
Total Cost	**$4,150,000**

ıe total estimated project costs of $4,150,000 include $1,740,000 in FAA grant monies, ›80,000 in required matching funds, and $1,830,000 in other local funds.

›vided by San Francisco International Airport, 10/10/01

File Number: ____________________

Grant Information Form

(Effective January 2000)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant funds.

The following describes the grant referred to in the accompanying resolution:

1. Grant Title: Accept and Expend Grant Funds under the Airport Improvement Program (AIP), AIP Project No. 01-1-3-06-0221-1601 and AIP Project No. 01-5-3-06-0221-0000

2. Department: Airport Commission

3. Contact Person: Cathy Widener Telephone: (650) 821-5023

4. Grant Approval Status (check one):

   [X] Approved by funding agency [ ] Not yet approved

5. Amount of Grant Funding Approved or Applied for: $23,849,790.00

6a. Matching Funds Required: $7,949,930.00

b. Source(s) of matching funds (if applicable): AIP Project No. 01-1-3-06-0221-1601, $5,175,000 in Capital Improvement Project Funds; AIP Project No. 01-5-3-06-0221-0000, $2,774,930 in Passenger Facility Charge Revenues

7a. Grant Source Agency: Federal Aviation Administration

b. Grant Pass-Through Agency (if applicable): N/A

8. Proposed Grant Project Summary: Please Refer to Attachment A

9. Grant Project Schedule, as allowed in approval documents, or as proposed:

   Start Date: September 6, 2001 End Date: September 6, 2005

10. Number of new positions created and funded: (0 for AIP No. 16; 0 for AIP No. 17)

11. If new positions are created, explain the disposition of employees once the grant ends? (N/A for AIP No. 16 and AIP No. 17)

12a. Amount budgeted for contractual services: $20,700,000 for AIP No. 16; $11,280,000 for AIP No. 17

b. Will contractual services be put out to bid? (Yes, *if over $50,000*, according to FAA bid and contract procedures)

c. If so, will contract services help to further the goals of the department's MBE/WBE requirements? (Possible, but MBE/WBE goals do not apply to FAA contracts)

d. Is this likely to be a one-time or ongoing request for contracting out? One-Time

13a. Does the budget include indirect costs? [ ] Yes [X] No

b1. If yes, How much? N/A
b2. How was the amount calculated? N/A

c. If no, why are indirect costs not included?
[ ] Not allowed by granting agency
[ ] To maximize use of grants funds on direct services
[X] Other (please explain): According to the Lease and Use Agreement between the City of San Francisco and major airlines using San Francisco International Airport, the Annual Service Payment made to the City shall constitute full satisfaction of all obligations of the Airport.

14. Any other significant grant requirements or comments: N/A

**** Disability Access Checklist****

15. This Grant is intended for activities at (check all that apply):

[X] Existing Site(s) [X] Existing Structure(s) [ ] Existing Program(s) or Service(s)

[ ] Rehabilitated Site(s) [ ] Rehabilitated Structures(s) [ ] New Program(s) or Service(s)

[X] New Site(s) [X] New Structure(s)

16. The Departmental ADA Coordinator and/or the Mayor's Office on Disability has reviewed the proposal and concluded that the project as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:

Comments:

Departmental or Mayor's Office of Disability
Reviewer: Ronald Fong (Name)

Date Reviewed: September 12, 2001

Department Approval:

Ronald J Fong — Airport ADA Coordinator

(Name) (Title)

(Signature)

Item 4 - File 01-1774

Department: Department of Environment (DOE)

Item: Hearing to consider the requested release of reserved funds in the amount of $6,750,000 for the Power Boosters small business energy efficiency retrofit program reserved by the Board of Supervisors in August of 2001 (File No. 01-1431).

Comment: The Department of Environment has requested that the hearing on the requested release of reserved funds be continued for two weeks.

Recommendation: Continue the proposed resolution for two weeks, to the Finance Committee meeting of October 31, as requested by the Department of Environment.

Item 5 - File 01-1359

Department: Department of Administrative Services – Solid Waste Management Program
Department of Environment (DOE)

Item: Hearing to consider a requested release of reserved funds in the amount of $209,434 for salaries reserved by the Board of Supervisors during the FY 2001-2002 Budget process.

Source of Funds: Funds appropriated and reserved in the Department of Administrative Services – Solid Waste Management Program budget for FY 2001-2002.

Description: The Board Of Supervisors approved a reserve representing nine months of salaries for the Solid Waste Program during the FY 2001-2002 budget approval process, pending the transfer of the Solid Waste Management Program from the Department of Administrative Services to the Department of Environment as recommended by the Finance Committee.

The Budget Analyst incorrectly recorded the amount of $209,434 for the nine months of Solid Waste Management Program salaries to be reserved, based on the permanent salaries for a different program in the Department of Administrative Services, and that incorrect amount was placed on reserve in the final FY 2001-2002 Annual Appropriation Ordinance. The correct amount representing nine months of Solid Waste Management Program salaries to be reserved is $1,061,430.

On September 10, 2001 the Mayor's Office transmitted a letter to the Board of Supervisors stating that the planned reorganization of the Solid Waste Management Program and the Department of Environment had been approved by the Mayor. The letter noted that the Solid Waste Management Program is responsible for the City's recycling and waste reduction programs and that merging the two departments would improve the delivery of environmental services by combining environmental programs into one department. According to Mr. David Assman of the Department of Environment, the merger became effective October 1, 2001 in accordance with the prior recommendation of the Finance Committee.

The Department of Environment is now requesting the release of reserved funds by the Board of Supervisors to fully fund Solid Waste Management Program salaries for FY 2001-2002.

Comments:

1. Presently, for FY 2001-2002, the Department of Environment is funded from General Fund monies in the amount of $1,831,488 and the Solid Waste Management Program budget is funded from non-General Fund monies (the Solid Waste Projects Fund) in the amount of $4,676,462. The Solid Waste Projects Fund is primarily funded from fees added to Garbage Rates for the support of recycling and waste reduction programs. The merger of the two departments would result in a combined budget and staffing levels as shown in the table below.

	Original FY 2001-2002 Budget	Budgeted Positions (Full Time Equivalents)
Department of Environment	$ 1,831,488	15.49
Solid Waste Management Program	4,676,462	20.66
Merged Department of Environment / Solid Waste Management Program	$ 6,507,950	36.15

2. Mr. Mark Westlund of the Department of Environment states that the proposed merger of the Office of Solid Waste Management and the Department of Environment would not result in any additional costs to the City. Attachment I to this report from the DOE further confirms that the City will incur no additional costs as a result of the proposed merger.

3. Attachment II to this report is an organization chart illustrating the configuration of the Solid Waste Program within the Department of Administrative Services prior to the October 1, 2001 merger with the Department of Environment.

3. Attachment III is an organizational chart provided by the Department of Environment that shows the prior organization of the Department of Environment. Attachment IV is an organization chart of the newly combined Department of Environment and Solid Waste Management Program.

Recommendation: Approval of the request for the release of reserved funds is a policy matter for the Board of Supervisors.

SF Environment

Attachment I

WILLIE L. BROWN, JR.
Mayor

JARED BLUMENFELD
Director

)ctober 10, 2001

'ascal St. Gerard
3udget Analyst, Board of Supervisors
City Hall room 244

Dear Mr. St. Gerard,

The Department of the Environment and Solid Waste Management Program are integrating operations, ınd by doing so will incur no additional costs for the City & County of San Francisco.

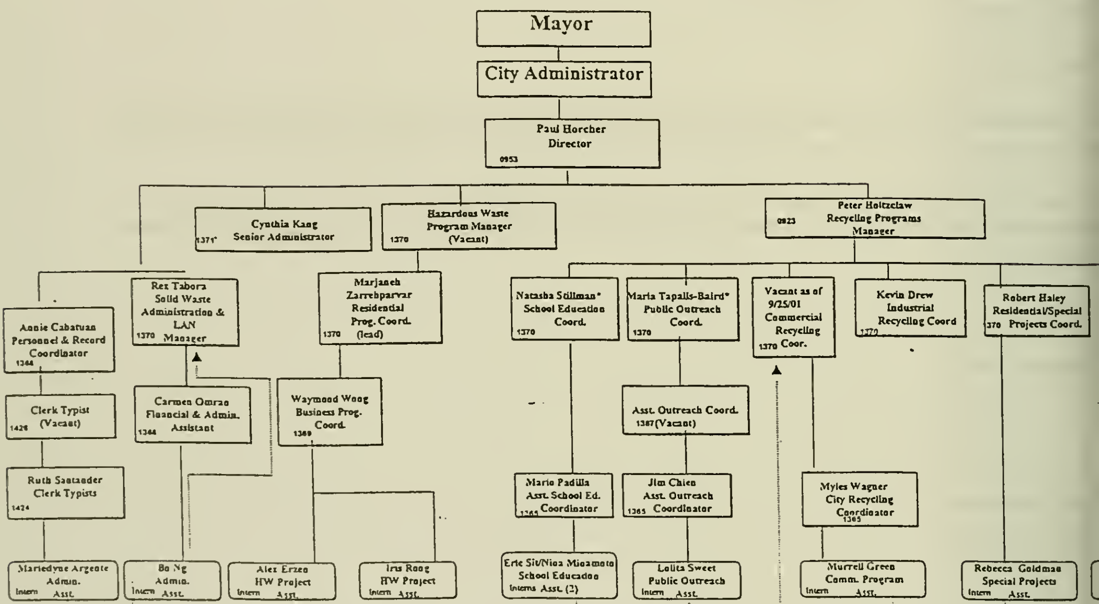
Salaries and positions will be kept to the existing number, and we expect to achieve increased ıdministrative efficiency by coordinating efforts in personnel, budgeting, accounting, and information echnology.

Sincerely yours,

David Assmann
Deputy Director

rtment of the Environment, City and County of San Francisco
›hone: (415) 554-6390 • Fax: (415) 554-6393• 11 Grove Street, San Francisco, CA 94102
l: Environment@ci.sf.ca.us • www.sfenvironment.com

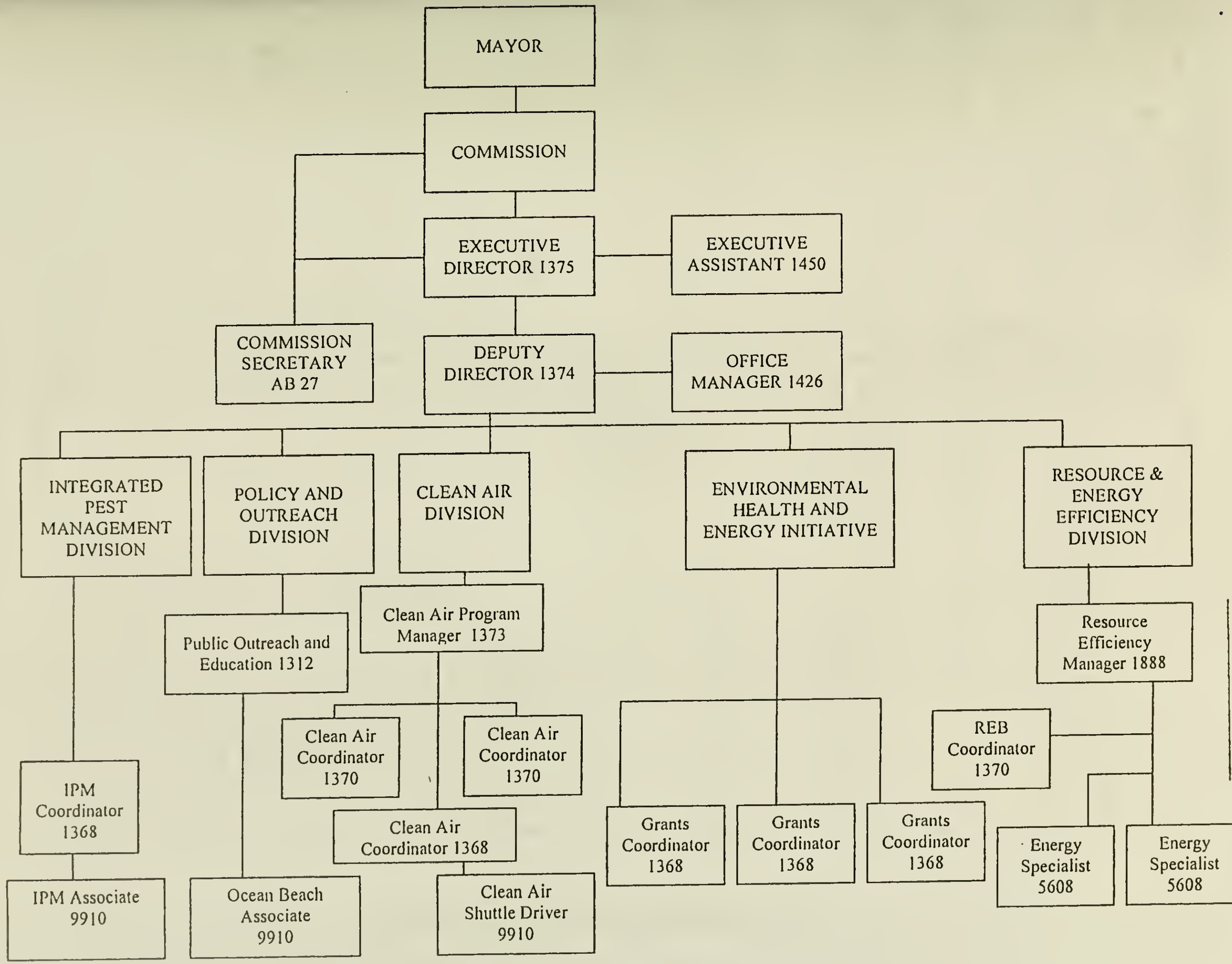
Solid Waste Management Program Staff



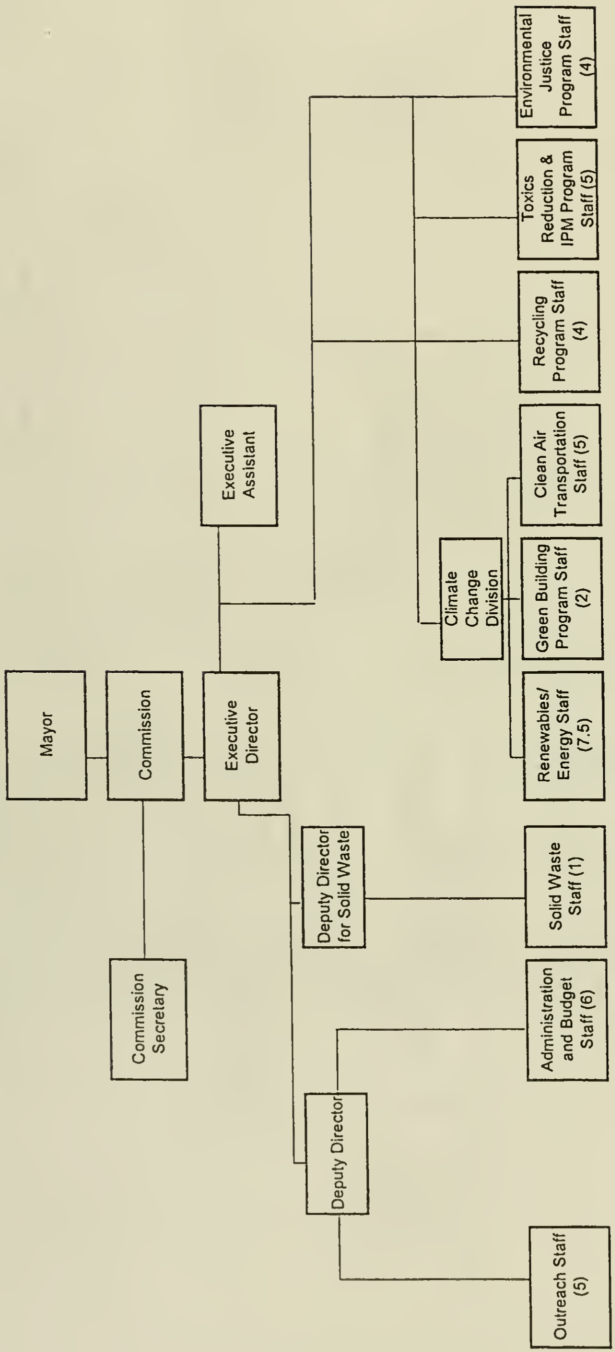
Note: Chart does not include Technical Contractors: Alex Dong, Hazardous Waste Contractor/Roopal Mayor, Curbside used Oil Contractor/Becky Wike, School Technical Contrac
Americorps members: Nicole Bnsehois and Abby Templar

* Maternity Leave

Attachment III



Department of the Environment Organizational Chart



Item 6 – File 01-0836

Note: This item was continued to the Call of the Chair at the May 30, 2001 Finance Committee Meeting, pending submittal of additional information by the Department of Elections regarding its negotiations with the voting system contractor, Elections Systems and Software (ES&S)

Departments: Department of Administrative Services
Department of Elections

Item: Hearing to consider release of reserved funds in the amount of $800,000 to purchase equipment and $251,000 for non-personal services for the Department of Elections for a total of $1,051,000.

Amount: $1,051,000

Source of Funds: Previously appropriated and reserved General Fund monies for the Department of Elections.

Budget:

$ 800,000	Equipment Purchase
251,000	Non-Personal Services
$1,051,000	Total

Description: On April 23, 2001, the Board of Supervisors approved a supplemental appropriation (File 01-0249) for the Department of Elections in the amount of $2,411,887 to fund cost overruns that resulted from the November and December of 2000 elections. Of the $2,411,887 approved, the Finance Committee reserved $800,000 to complete the purchase of the optical scan voting technology system equipment and $251,000 for the remaining service fee payments on the optical scan voting technology system equipment. These funds were placed on reserve by the Finance Committee because at the time the requested supplemental appropriation was approved, the Department of Elections was in the midst of negotiations with the optical scan voting technology system vendor, Elections Systems and Software, Inc. (ES&S), regarding (1) whether the City should complete the purchase or alternatively lease the optical scan voting technology system; and (2) whether there was contract nonperformance by ES&S during the November and December of 2000 elections.

In April of 2001, when the supplemental appropriation was approved, Ms. Christiane Hayashi, previously of the City Attorney's Office assigned to the Department of Elections advised the Budget Analyst that she was continuing to negotiate with ES&S regarding contract modifications in order to preserve the Department's flexibility in the future, when the Department plans to upgrade to touch-screen voting, estimated to cost approximately $10 to $12 million. Therefore, although the Department had originally proposed to purchase the optical scan voting technology system from ES&S, the Department wanted to further analyze the option of applying the previous purchase payments as lease payments for the optical scan equipment.

Comments:

1. The requested $251,000 for Non-personal Services is to pay ES&S the 2001 annual service fee for Calendar Year 2001. In accordance with the agreement between ES&S and the City, the City agreed to pay ES&S the following annual service fees on the following dates:

January 20, 2001 - $251,300
January 20, 2002 - $145,900
January 20, 2003 - $251,300
January 20, 2004 - $145,900

Mr. Ara Minasian of the Department of Administrative Services advises that, to date, the January 20, 2001 service fee has not been paid to ES&S. According to Mr. Minasian, these annual service fees provide for ES&S's ongoing logistical support, system maintenance, training, storage, and reporting on the optical scan voting technology system for the Department of Elections. As shown above, the actual annual service fee for Calendar Year 2001 is $251,300 or $300 more than the requested $251,000 to be released from reserve.

2. The requested $800,000 for Equipment Purchase is to complete the purchase of the ES&S optical scan voting technology system, including the accrued interest expenses for the loan to purchase this equipment.

3. A memorandum, dated September 24, 2001, provided by Mr. Minasian, is included as Attachment I to this report and explains the Department of Elections need for

the subject requested funds totaling $1,051,000. As noted in Attachment I, as a result of negotiations between ES&S and the City, the City will need to proceed and complete its purchase, instead of a lease, of the optical scan technology system from ES&S because ES&S was not receptive at this time to enter into a new leasing agreement for the optical scan voting technology system equipment and would not agree to change the existing purchase arrangements to a lease arrangement for the voting equipment.

4. As further identified in Attachment I, based on the negotiations between the City and ES&S, ES&S has now agreed to credit the City with a total of $191,041 including: (1) $29,000 for liquified damages determined as a result of negotiations between the Department of Elections and ES&S[1], (2) $87,543 for additional Department of Elections staff needed to perform 11 tasks that ES&S was contracted to perform (See page 3 of Attachment I for the 11 identified tasks), and (3) $74,498 in additional costs incurred for five projects that ES&S was contracted to perform, including $51,150 for not installing batteries in the Eagle Voting Equipment, as specified in the contract (See page 3 of Attachment I for the identified projects).

As shown in Attachment I, this $191,041 credit from ES&S is offset by $22,117 which the City owes to ES&S, for a net credit from ES&S to the City of $168,924. Mr. Minasian advises that the $22,117 offset is for the cost of five additional laptop computers ($4,423 per computer) requested by the Department from ES&S, which exceeded the six computers already provided in the original ES&S contract. According to Mr. Minasian, the Department incurred the additional $22,117 of computer equipment costs because the then Director of the Department of Elections decided that the Department needed more backup laptops, in case of equipment failure during the election. The $251,300 annual service payment, discussed

[1] The ES&S contract contained specific provisions regarding tasks and deadlines, with penalties to be assessed for failure for ES&S to meet these milestones. Mr. Minasian advises that the ES&S contract specifically required the installation of certain computer hardware and software by May 17, 2000. However, ES&S did not complete this task until June 15, 2000, resulting in the $29,000 of liquified damages. Mr. Minasian advises that the Department had requested $29,000 and ES&S agreed to that amount.

above in Comment No. 1, which is owed to ES&S would be offset by this net credit from ES&S of $168,924, for an actual payment of $82,376, due from the Department to ES&S.

5. In April of 2000, the Department of Elections entered into a third party loan agreement with Norwest Investment Services, Inc. (Norwest) to finance the purchase of the optical scan voting technology system from ES&S over a period of five years. This loan agreement was entered into because at the time the voting system project was being planned, during the Spring of 2000, the FY 2000-2001 funding level for the Department of Elections' voting system had not yet been determined. Therefore, the Mayor's Budget Office and the Controller anticipated the need to finance the purchase of the system rather than purchase it outright.

Ms. Theresa Alvarez of the City Attorney's Office advises that this third party loan agreement between the City and Norwest was not subject to the Board of Supervisors approval because it did not meet the City's required threshold of at least ten years and $10,000,000.

6. However, the Mayor and the Board of Supervisors approved $3,241,738 of Capital Expenses in the Department of Elections FY 2000-2001 budget for the full purchase of the optical scan voting technology system from ES&S. Therefore, Mr. Minasian advised that it was the intent of the Department to pay off the Norwest loan agreement during FY 2000-2001, rather than to continue the loan and interest payments over the original five-year loan period. However, $800,000 of the total $3,241,738 capital expenses were placed on reserve. Mr. Minasian advises that the proposed request for release of $800,000 would be used to fully pay back the Norwest loan to enable the Department of Elections to complete this equipment purchase, without incurring any additional interest costs on the Norwest loan.

7. Attachment II, provided by Mr. Minasian, identifies the Norwest loan for the $3,241,738 of ES&S equipment which began on April 6, 2000 and extends through June 1, 2005 at an interest rate of 5.18 percent Over the course of this five-year loan, the City is required to make ten

payments of $374,992.20 each, for a total cost of $3,749,922, or a total interest expense of $508,184 over the five-year period. To date, the City has made two payments to Norwest totaling $749,984.40 (on December 1, 2000 and June 1, 2001) on this $3,241,738 loan.

It should also be noted that the previous April 23, 2001 supplemental appropriation for the Department of Elections included $65,000 of additional funds to pay the net interest costs that had been incurred up until that time for the Norwest loan. Therefore, the Department has already been appropriated a total of $3,306,738 ($3,241,738 for equipment purchase plus $65,000 of additional interest costs) to pay for the ES&S equipment and financing costs to Norwest, from which a total cost of $749,984 has been paid on the loan, for a remaining balance of $2,556,754. Mr. Minasian advises that these previously appropriated Department of Elections funds totaling $2,556,754 were carried forward from FY 2000-2001 to the current FY 2001-2002.

However, it should be noted that the subject requested $800,000 that is on reserve is part of this $2,556,754 that has been carried-forward to the current fiscal year. The Department is requesting the release of this $800,000 in order for the Department to pay off its loan balance of $2,556,754 owed to Norwest.

8. Given (1) the current economic conditions in the City which has resulted in projected revenue shortfalls and the possibility of reduced spending in various City department budgets, (2) the potential need for a supplemental appropriation for the Department of Elections to conduct one or more run-off elections in FY 2001-2002, and (3) the existing third party loan arrangement with Norwest at an interest rate of 5.18 percent to complete the purchase of the ES&S voting equipment over the next four years, the Budget Analyst recommends that the subject request for release of reserved funds not be approved. Not approving this release of reserve would enable the City to preserve its financial options and flexibility to use the available funds for other purposes during the current fiscal year. Furthermore, over the past six months, the City has earned an average of 5.5 percent on existing City-pooled

funds, which is approximately 0.32 percent greater than the costs of the Norwest loan.

Given that the Department of Elections currently has a remaining balance of $2,556,754 owed to Norwest as a result of the loan to acquire the ES&S optical scan voting technology system, the Department should use these funds to pay the two payments of $374,992 each due to Norwest on December 1, 2001 and June 1, 2002, totaling $749,984, (see Attachment II) and to pay the $82,376 owed to ES&S ($251,300 annual service fee less the $168,924 credit due from ES&S, see Comment No. 4). This would result in a total Departmental payment of $832,360, including $749,984 owed to Norwest and $82,376 owed to ES&S. This would leave a remaining balance of $1,724,394 (including the subject $800,000 on reserve) of the previously appropriated funds for the purchase of the ES&S equipment which should be returned to the General Fund ($2,556,754 carried forward to FY 2001-2002 less $832,360 of net expenditures in FY 2001-02). As previously noted, the subject $800,000 on reserve for the purchase of the ES&S equipment is part of the $2,556,754 carried forward to the current fiscal year. The Budget Analyst also notes that the January 20, 2002 annual service fee due from the City to ES&S of $145,900 is already included in the Department's FY 2001-2002 budget, and therefore does not need to be paid from the subject funds.

9. As discussed above, since the Department would continue to finance the purchase of the ES&S equipment, the Department would be able to pay the $82,376 owed to ES&S (the $251,300 annual service fee less the $168,924 credit due from ES&S, see Comment No. 4) from the previously appropriated funds for the purchase of the ES&S equipment. As a result, there is not a need to release the subject requested $251,000 placed on reserve to pay for the January 20, 2001 annual service fee. Such funds should be returned to the City's General Fund.

Recommendations: 1. Do not approve the requested $1,051,000 release of reserved funds.

2. Request the Department to continue the Norwest third party loan arrangement for the purchase of the ES&S equipment.

3. Request the Controller to close out the remaining balance of $1,724,394 to the General Fund, including $800,000 on reserve, in accordance with Comment No. 8 above.

4. Request the Controller to close out the $251,000 on reserve to the City's General Fund, in accordance with Comment No. 9 above.

DEPARTMENT OF
ADMINISTRATIVE SERVICES

WILLIE L. BROWN, JR.
MAYOR

RYAN L. BROOKS
DIRECTOR

September 24, 2001

To : Debra Newman
Budget Analyst

From : Ara Minasian AM

Subject: Request for release of reserve, File 01-0836

The Director of Elections, Tammy Haygood, has requested for this item to be scheduled for the October 10 meeting of the Finance Committee. When the Committee was considering this release of reserve last May, it voted to continue it to the call of the Chair, pending submittal of additional information by the department regarding its negotiations with the voting system contractor, Elections Systems and Software (ES&S). Below I have summarized some information based on discussions with Chris Hayashi and review of her files.

Negotiations with ES&S regarding contract performance issues. As you stated in your previous report on this item, the City and ES&S have agreed to a net credit of $168,924. The details of this credit are listed on the attached worksheet.

The contractor, ES&S, was monitored carefully throughout the implementation of the new voting system by Maria McDonald, who was the technical specialist brought to the Department of Elections by Patty Fado. Ms. McDonald thoroughly familiarized herself with the deliverables and milestones under the contract and documented the contractor's performance. She also created additional documentation to define the requirements for different elements of the election process and required ES&S to sign off on those requirements.

After the election cycle, Maria compiled all of the contract performance issues that she had identified and assigned dollar values to each item, based on what she believed each performance problem had cost the Department of Elections to remedy. She delivered that summary to Chris Hayashi to follow up with the vendor. Ms. Hayashi discussed the next steps with the Contracts section of the City Attorney's Office, who advised that the Department of Elections would have to prove the amounts stated as actual costs, not just rough estimates. Chris Hayashi compiled invoices, time logs, hourly rates of staff, and other substantiation of the amounts claimed. Maria's time estimates were used to calculate the cost of staff time on specific matters.

CITY HALL, ROOM 362, 1 DR. CARLTON B. GOODLETT PLACE, SAN FRANCISCO, CA 94102-4683
TELEPHONE (415) 554-6171; FAX (415) 554-6177

Ms. Hayashi presented the substantiated claims to ES&S. The agreed upon amount of $191,041 that resulted from negotiations was offset by invoices from ES&S for $22,117 for various services and supplies that were billable to the department, leaving a net credit of $168,924.

Proposal to renegotiate contract. At the time that the department purchased the optical scan system, touchscreen voting systems were not an option for San Francisco because they were not certified by the Secretary of State for use in California. By the end of the November election, there were four California-certified touchscreen systems. After the Florida experience it seemed evident that within a few years there would be more vendors in the market.

This fact, combined with ES&S' contract performance issues and challenges associated with paper ballots, led the department to seek alternatives to acquiring the optical scanning system. Although the optical scan system had provided fast and accurate results and maximized the number of votes that could be counted, the paper ballots turned out to be very expensive to purchase and difficult to handle.

Given the likelihood of new voting systems looming on the horizon, it was desirable to preserve the department's future flexibility as much as possible. Chris Hayashi proposed for ES&S to lease the optical scanners to the department as an alternative to outright purchase. ES&S was not receptive to the proposal, and the City remained obligated to pay the amounts due under the contract to complete the purchase.

Funds needed for release. The total funds on reserve are $1,051,000. Of this amount, the department needs $950,024.81, as shown below:

Amount on reserve for ES&S ancillary services	251,000.00
Amount on reserve for voting system purchase	800,000.00
Total funds on reserve	1,051,000.00
Additional interest costs	67,949.00
Less: Net credit from ES&S	(168,924.19)
Requested release of reserve	950,024.81

The additional interest costs consist of the $10,139 amount identified in your May 30 report, plus $57,810 in interest costs incurred since the June 1 lease payment.

Please let me know if you have any questions.

c: Tammy Haygood

Liquified damages		**29,000.00**
Excess DOE staff costs in:	managing equipment installation	2,288.00
	preparing power contingency plan	1,305.28
	performing secondary checks of ballot bins	16,647.45
	addressing language problems on ballots	3,524.00
	conducting Logic and Accurancy Testing	4,213.77
	developing outreach materials	2,645.60
	managing and processing absentee ballots	39,058.49
	customizing reports to produce Statement of Vote	2,742.60
	producing materials for Poll Worker training	5,040.00
	managing and conducting remote transmission of precinct results	9,178.25
	delivering precinct supplies	900.00
Subtotal -- excess DOE staff costs		**87,543.44**
Moving the Hub and rewiring the Computer Room		5,197.75
Return of one Smart Pack Reader		4,000.00
Batteries not installed on Eagles as specified in contract		51,150.00
Additional costs for outside contractor to manage Logic and Accuracy Testing		13,200.00
Additional costs for ballot printing contractor to review scoring marks		950.00
Subtotal -- excess DOE non-staff costs		**74,497.75**
Various equipment and materials requested by DOE, over contract		**(22,117.00)**
Net credit from ES&S		**168,924.19**
Amount on reserve for ES&S ancillary services		251,000.00
Amount on reserve for voting system purchase		800,000.00
Total funds on reserve		1,051,000.00
Additional interest costs		67,949.00
Less: Net credit from ES&S		(168,924.19)
Requested release of reserve		950,024.81

OCT-09-2001 16:19 CCSF ADMIN. SERVICES 415 554 6177 P.02/02

Voting Machines City and County of San Francisco Exhibit A B

Costs Funded	Payment Rate	10 Payments	Level Payment	Closing Fees	Average Life
$3,241,738.05	5.180%	2 per year	$374,992.20	[$0.00]	3.03 years
		5.180% Rate	Fctr=.115676		36.32 months
		Commencement: Apr 6, 2000			
		Closing Date: Apr 6, 2000			

Pmt	Total Payment Due	Interest Payment Due	Principal Payment Due	After Payment Principal Balance	After Payment Termination Value	Payment Due Date
				$3,241,738.05		Apr 6, 2000
1	$374,992.20	$109,615.77	$265,376.43	$2,976,361.62	$2,976,361.62	Dec 1, 2000
2	$374,992.20	$77,087.77	$297,904.43	$2,678,457.19	$2,678,457.19	Jun 1, 2001
3	$374,992.20	$69,372.04	$305,620.15	$2,372,837.04	$2,372,837.04	Dec 1, 2001
4	$374,992.20	$61,456.48	$313,535.72	$2,059,301.32	$2,059,301.32	Jun 1, 2002
5	$374,992.20	$53,335.90	$321,656.29	$1,737,645.03	$1,737,645.03	Dec 1, 2002
6	$374,992.20	$45,005.01	$329,987.19	$1,407,657.84	$1,407,657.84	Jun 1, 2003
7	$374,992.20	$36,458.34	$338,533.86	$1,069,123.98	$1,069,123.98	Dec 1, 2003
8	$374,992.20	$27,690.31	$347,301.88	$721,822.10	$721,822.10	Jun 1, 2004
9	$374,992.20	$18,695.19	$356,297.00	$365,525.10	$365,525.10	Dec 1, 2004
10	$374,992.20	$9,467.10	$365,525.10		$1.00	Jun 1, 2005

7977 92AB4

Item 7 – File 01-1772

Departments: Department of Administrative Services
Department of Elections

Item: Hearing to consider release of reserved funds in the FY 2001-2002 budget for the Department of Elections in the amount of $2,015,719, including $1,716,830 for Personnel Services and $298,889 for Fringe Benefits, to fund the Department's reorganization and staffing plans.

Amount:

$976,829	Permanent Salaries
600,000	Temporary Salaries
6,667	Premium Pay
133,334	Overtime
$1,716,830	Subtotal
298,889	Fringe Benefits
$2,015,719	Total

Description: The proposed request by the Department of Elections is to release $2,015,719 representing eight months of salary, premium pay, overtime and mandatory fringe benefit funds, that was placed on reserve by the Finance Committee and the full Board of Supervisors in the FY 2001-2002 budget. These funds were placed on reserve to allow for the Department of Election's total reorganization that was being requested by the Department, including 12 substitutions and the hiring of 9.0 new FTE positions (8.25 FTEs requested in the Interim Budget plus an additional 0.75 FTE) in the FY 2001-02 Budget.

At the time of the Finance Committee's budget hearings in June of 2001, since (1) the Director of Elections and all three of the permanent upper-level management positions in the Department of Elections were vacant, (2) there was a 50 percent vacancy rate in the overall staffing of the Department, (3) an upcoming November of 2001 election was to be held, and (4) there was uncertainty of the Department's ability to implement its proposed reorganization plan, the Budget Analyst could not recommend specific

reductions in the Department of Elections budget. Therefore, based on the recommendation of the Budget Analyst, the Finance Committee and the full Board of Supervisors approved all of the 9.0 new FTEs, but placed an eight-month reserve on all Department-related salary funds, with the understanding that the Department should be in a position to request the release of some or all of the recommended reserved funds from the Finance Committee, based on a review of the Department's progress in filling the current vacant and proposed new positions with qualified staffpersons and effectively managing the Department.

Comments:

1. The Department of Elections currently has a total of 24 FTE[1] permanent positions budgeted for FY 2001-2002, for a total permanent salary cost of $1,405,144. In addition, the Department has $900,000 of Temporary Salary funds, which represents approximately an additional 19 FTE positions. As shown in Attachment I, provided by Mr. Minasian, of the 24 FTE permanent positions budgeted in the Department, as of the first week of October, of 2001, 10.9 FTE positions were filled and 13.1 FTE positions were vacant, representing a 54.6 percent vacancy rate.

2. However, according to Mr. Minasian, 11.35 FTE of the 13.1 FTE vacant permanent positions are currently filled with temporary staff, performing similar functions, in the same or in similar classification levels. Therefore, there are actually only 1.75 FTE vacant positions in the Department, for which the work is not being performed by either a Permanent or a Temporary staffperson. Furthermore, Mr. Minasian advises that all of the upper-level management positions in the Department of Elections have now been filled.

Ms. Tammy Haygood, was appointed to be the Director of Elections on August 1, 2001. Ms. Haygood advises that when she was appointed, the

[1] The 24 FTE permanent positions are shown in Attachment I as 26 permanent positions, including 15 full-time positions, six positions at 0.75 FTE and five positions at 0.90 FTE.

Department of Elections only had two Permanent employees. According to Ms. Haygood, the Department has been working very hard to fill all of the vacancies with permanent positions, but, that there have been numerous delays due to the cumbersome process of recruitment, transitioning of temporary employees to permanent positions, provisional appointments, establishing permanent lists for hiring, hiring of temporary employees, etc.

3. As noted above, one of the reasons the subject salary and fringe benefit funds of $2,015,719 were placed on reserve was the uncertainty of the Department's ability to implement its proposed reorganization plan. During the Spring of 2001, the Department of Elections, under the previous Acting Director, presented a new reorganization plan (see page 1 of Attachment II), which would change the Department's organization from four functional divisions to two operating division and one quality control unit and from six managers to three deputies in order to allow for increased controls and accountability. Part of this reorganization called for the hiring of nine additional permanent positions, as part of the FY 2001-2002 budget, which was approved by the Board of Supervisors.

However, Ms. Haygood now advises that she has drafted a new reorganization plan, which is included on page 2 of Attachment II to this report. According to Ms. Haygood, the new reorganization plan further flattens the organization within the Department of Elections to provide that the Voter Services, Campaign Services and Outreach Services Divisions, are not overseen by an Elections Manager position, but, rather by Chief Clerks which report directly to the Director of Elections. Furthermore, Ms. Haygood advises that she has needed to change some of the originally budgeted position classifications, such that one 1408 Principal Clerk position was temporarily exchanged (Txed) upward to a 1410 Chief Clerk, and one 1844 Senior Management Assistant was Txed downward to an 1840 Management Assistant. Such Txing of positions does not require Board of

Supervisors approval. Ms. Haygood advises that she plans to make other changes to the organizational structure, including other substitutions or reclassifications to better meet the needs of the Department.

4. As discussed in Attachment III, provided by Ms. Haygood, the Department is actively preparing for the upcoming November 6, 2001 election, and is implementing various actions, some of which are likely to result in the need for additional funding. For example, as noted in Attachment III, the November 6, 2001 Voter Information Pamphlet is currently 127 pages and the ballot is on two cards, although the FY 2001-2002 budget assumed a Voter Information Pamphlet of not more than 100 pages and a one card ballot. As of the writing of this report, the Department does not yet know the additional printing, postage and other costs that will result from these changes. Ms. Haygood also advises that the Department is creating a third layer of field support by setting up a transfer site in each of the 11 Supervisorial Districts to house one Elections Systems and Software (ES&S) service person to specifically assist with the voting equipment and one Department troubleshooting staffperson to quickly deploy field supplies, which is not expected to result in any additional costs to the Department.

As stated in Attachment III, Ms. Haywood advises that she initially authorized the purchase of 600 cell phones for the poll worker's emergency use on Election Day at a cost of approximately $50,000, or approximately $83 per phone. Mr. Minasian advises that Nokia previously provided approximately 600 free cell phones to the Department in FY 2000-2001, but approximately 75 cell phones were not returned by the staff to the Department. Therefore, the Department did not return these approximately 75 cell phones to Nokia since there was no system in place to insure the return of the cell phones by the staff. As a result, Nokia has refused to offer the free phones for FY 2001-2002. Ms. Haywood advises that all of the cell

phones, including the 75 cell phones which were never returned, have been deactivated and that the Department is not currently paying for any calls on these phones. Neither Ms. Haywood nor Mr. Minasian could advise whether the Department incurred any costs for calls made on these cell phones in FY 2000-2001.

Mr. Minasian advises that AT&T has just now agreed to provide 525 free cell phones to the Department of Elections on election day for the Department's use. In addition, Mr. Minasian reports that the Elections Department has approximately 200 cell phones that it acquired from the Police Department's surplus property that will be used on election day. Therefore, the previously planned purchase of 600 cell phones is not needed. Ms. Haygood reports that a procedure will be instituted this year, to deduct the cost of the cell phone and charges, from the individual staffperson, if the cell phone is not returned to the Department.

In addition, Ms. Haygood reports that AT&T previously offered free telephone calls on Election Day. However, as discussed in Attachment III, AT&T will not offer that service this year. The service is estimated to cost $10 per month per telephone. Assuming two months of service for the November 6, 2001 election and the December 11, 2001 runoff election, this service for 725 cell phones would cost approximately an additional $14,500.

As discussed in Attachment III, the Department also anticipates requiring additional Temporary staff, beyond what was budgeted in FY 2001-2002 to conduct two elections, due to the space limitations in City Hall. Ms. Haygood advises that the Department of Elections FY 2001-2002 budget was developed under the assumption that the Department would move its operations to another location, outside of City Hall. In order to minimize the need for hiring Temporary staff to compensate for the lack of space in City Hall, the Department has also obtained the use, on a temporary basis, of approximately 3,500 square feet of space at the

City-owned 240 Van Ness building for the six-month period from October of 2001 through March of 2002, which would result in an estimated cost of $30,000 for repairs and maintenance. The Department is not currently paying any lease costs for this space. Even with this additional space, although the number of staff and the cost of such additional Temporary staff is not precisely known, Ms. Haywood estimates that an additional 25 to 30 percent of budgeted Temporary Salary expenses, or approximately an additional $225,000 to $270,000 may be required to conduct the two previously anticipated elections in FY 2001-02. However, Ms. Haywood reports that Overtime expenses are likely to be less than budgeted, since Elections employees are not permitted to work any overtime hours unless the hours are specifically approved by the Director.

Ms. Haygood also advises that additional Voter Services' personnel have been hired to (1) purge the voter rolls, which was behind schedule, and threatened the integrity of the November 6, 2001 election, (2) allow voters to register up to 15 days before the election, rather than the current 29 days before the election, based on new State legislation, and (3) to support the State reapportionment effort to establish Senate and Assembly Districts in San Francisco, which is not part of the Reapportionment Project (See Item 8, File 01-1773 of this report). The estimated additional cost for these personnel is included in the preliminary estimates of $225,000 to $270,000 for additional Temporary Salary funds provided above. The Budget Analyst notes that the anticipated additional Department expenditures noted in Comment No. 4 will require a supplemental appropriation of at least $269,500 to $314,500 ($14,500 for cell phone service plus $30,000 for repairs and maintenance at 240 Van Ness plus $225,000 to $270,000 for Temporary Salaries), which does not include the additional costs of the Voter Information Pamphlet and ballot, which have not yet been estimated. All of these additional costs

would be subject to approval by the Board of Supervisors, on a retroactive basis.

5. In addition to the expenditure issues discussed in Comment No. 4 above, Mr. Minasian and Ms. Haygood advise that because of the likelihood of a December 11, 2001 runoff election for the City Attorney, the estimated cost of the pending supplemental appropriation will further increase for the Department of Elections. The FY 2001-2002 budget only included funds for two elections during the fiscal year, in November of 2001 and March of 2002, and did not include funds for any run-off elections. Ms. Haygood also advises that there may also be a need for a run-off election during the Spring of 2002, for the Board of Directors for the Municipal Water and Power Agency, if the ballot initiative (Proposition F) is approved on the November 6, 2001 ballot. As of the writing of this report, the Department could not identify the cost details for a run-off election, that would be included in the Department's supplemental appropriation request. However, Mr. Minasian advises that run-off elections in San Francisco generally cost between $1.5 million and $2.0 million. Mr. Minasian reports that the Department of Elections will develop an estimated budget for a potential December of 2001 run-off election, which will be available for the Finance Committee meeting on October 17, 2001.

6. As a result of the Department filling many of the FY 2001-2002 budgeted Permanent Salary positions with Temporary staff, similar to last fiscal year, the Department will likely overspend their budgeted Temporary Salary funds, and will underspend their budgeted Permanent Salary funds. As shown in Attachment IV, which is the Monthly Salary and Fringe Benefit Projection Report provided by Mr. Minasian, based on the Department of Elections' expenditure patterns for approximately the first three months of the fiscal year, from July 1, 2001 through September 28, 2001 there will be a projected shortfall of Temporary Salary funds by the end of the Fiscal

Year ranging from \$877,921 to \$1,653,109. Conversely, based on the same three-month period, the Department is anticipated to have a surplus of Permanent Salary funds in all three Divisions, totaling \$664,218. Based on this same rate of spending, the Department's FY 2001-2002 budgeted overall Salary accounts (Permanent, Temporary, Overtime and Premium Pay) are projected to result in a deficit of \$1,169,615 at the end of FY 2001-02, as shown on Attachment IV.

In response, Mr. Minasian advises that the projected higher range of the \$1,653,109 shortfall in Temporary Salary funds is highly inflated because it is based on the pay period from the last two weeks of September of 2001, which reflects a much higher than normal Temporary staff level, due to the proximity to the November 6, 2001 election. Mr. Minasian further advises that if the vacant Permanent positions in the Department are filled according to the estimated start dates that are shown in Attachment I, Mr. Minasian projects that the Department of Elections should have a surplus of \$664,218 in Permanent Salaries by the end of the fiscal year. However, Ms. Haygood advises that it is unlikely that the Temporary Salary funds that are currently budgeted in FY 2001-2002 will be sufficient to cover the costs of the November of 2001 and the March of 2002 elections, alone, primarily due to the continuing inefficiencies caused by City Hall space constraints and other factors. Furthermore, if one or more run-off elections are held, the Department will incur further additional expenses, which have not, to date, been identified. In any event, any additional projected shortfalls would be included in the Department's pending supplemental appropriation request.

7. As shown in Attachment IV, the Department spent \$156,671 of Salary-related funds during the pay period ending September 28, 2001, which resulted in a remaining balance of \$1,894,467 of Salary funds for the Department. The requested release of reserved funds include \$1,716,830 of

Salary funds, such that the Department only has $177,637 ($1,894,467 remaining balance less $1,716,830 on reserve) of unreserved Salary funds currently projected to be available. Given that the expenditure rates of the Department are increasing as the November 6, 2001 election draws nearer and more Temporary staff are hired, the Budget Analyst estimates that the Department only has sufficient Salary funds for approximately one more pay period, which ends on October 12, 2001, prior to needing this subject requested release of reserved funds.

The Department therefore requests that this request for release of reserved funds not be continued, since the Department will otherwise run out of funds to pay its existing staff.

8. Furthermore, assuming a run-off election is held on December 11, 2001, Mr. Minasian projects that the Department will need to spend an average of approximately $190,000 per pay period from now through the March of 2002 election. This is in comparison with the approximately $250,000 per pay period that was spent during the October of 2000 through January of 2001 period during last fiscal year, when Temporary Salary and Overtime expenditures were not carefully monitored by the Department. Based on these projected spending patterns, the Budget Analyst estimates that the Department will completely run out of all appropriated salary and fringe benefit funds by approximately mid-February of 2002. The Budget Analyst has not conducted a separate analysis of expenditure rates for non-Salary funds.

9. In summary, (1) the Department currently has 13.1 FTE vacant permanent positions which is a 54.6 percent vacancy rate for the 24 FTE permanent budgeted positions. However, only 1.75 FTEs of these 13.1 FTE positions are actually vacant and the remaining 11.35 FTE vacant permanent positions are currently occupied with Temporary staff, (2) a new Director of Elections was appointed on August 1, 2001 and the three

permanent Deputy Director positions are now filled, (3) a new reorganization plan is being proposed, which changes the proposed new reorganization plan that was proposed during the Spring of 2001, or approximately six months ago, under a previous Acting Director of Elections, (4) thus far, two positions have already been Txed and the Director plans to make additional substitutions and reclassifications of positions to better meet the needs of the Department, (5) additional unanticipated costs of $269,500 to $314,500 will be incurred for cell phone calls, repair and maintenance of space at 240 Van Ness and additional Temporary Salary expenses, and such additional costs do not include the additional, but unidentified costs for the Voter Information Pamphlet and ballots, (6) there is a likelihood of run-off elections in both December of 2001 and the Spring of 2002, the cost of which is not currently detailed, which will result in the need for a further increase in any supplemental appropriation, and (7) the Department will fully expend all of their unreserved Salary funds by approximately October 12, 2001.

Given that (1) the Department will fully expend all of their unreserved Salary funds by approximately October 12, 2001, (2) the Department's initial progress in recruiting new permanent management staff for the Department, (3) the short timeframe until a potential runoff election, which will result in the Department expending nearly all of their budgeted funds by mid-February of 2002, and (4) the existing need for additional Temporary Salary and other funds, the Budget Analyst is inclined to recommend approval of the requested $2,015,719 of funds be released from reserve at this time, despite the fact that the Department still (1) has a higher than desired vacancy rate, (2) the Department is proposed to be further reorganized, and (3) retroactive approval of expenditures that currently exceed the Department's budget will be requested from the Board of Supervisors by the Department in the near future.

Recommendation: Release the requested $2,015,719 reserved funds.

DEPARTMENT OF ELECTIONS PERMANENT POSITION TRACKING

Division	first_name	last_name	job	Filled/ Vacant	TX'd	start date	end date	total salary w/COLA	Comments
			AC36	Filled	TX'd				
805008	PHILLIP L 0952	PARIS	0952			7/1/01	6/30/02	97,420	position filled in higher class for exempt appointee
805008			1052 (.75)	Vacant		11/1/01	6/30/02	41,432	recruitment already underway from DHR register
805008	SUSANA W 1054	FONG	1054	Filled		7/1/01	6/30/02	92,435	position already filled by permanent civil service appointee
805008	TAMMY 1128	HAYGOOD	1128	Filled		7/1/01	6/30/02	120,297	position already filled by permanent civil service appointee
805008			1408	Vacant		10/1/01	6/30/02	37,440	DHR in process of establishing permanent list, department
805008	TEMP STAFF	TEMP STAFF	1471			7/1/01	9/30/01	10,990	conducting provisional process, functions already being
									performed by temp staff
805008			1450	Vacant		12/1/01	6/30/02	26,348	department considering tx'ing to a different class, functions
805009	TEMP STAFF	TEMP STAFF	1471			7/1/01	11/30/01	19,256	being performed by temp staff
805009			AC36	Vacant		10/1/01	6/30/02	53,865	department in process of filling, functions being performed by
805009	TEMP STAFF	TEMP STAFF	1823			8/20/01	9/30/01	6,679	temp staff
805009			1408 (.9)	Filled	TX'd	6/30/02	6/30/02	0	position tx'd from 1408 to 1410, DHR in process of establishing
805009	RACHEL A 1367	GOSIENGFIAO	1367			8/1/01	9/30/01	8,324	permanent list, currently filled with provisional appointee
805009	RACHEL A 1367	GOSIENGFIAO	1410			10/1/01	6/30/02	41,993	
805009			1408 (.75)	Vacant				0	DHR in process of establishing permanent list, department
805009	TEMP STAFF	TEMP STAFF	1471			10/1/01	6/30/02	34,458	conducting provisional process, functions already being
805009	TEMP STAFF	TEMP STAFF	1471	Vacant		7/1/01	6/30/02	46,113	department in process of filling, functions being performed by
									temp staff

10/10/01

DEPARTMENT OF ELECTIONS PERMANENT POSITION TRACKING

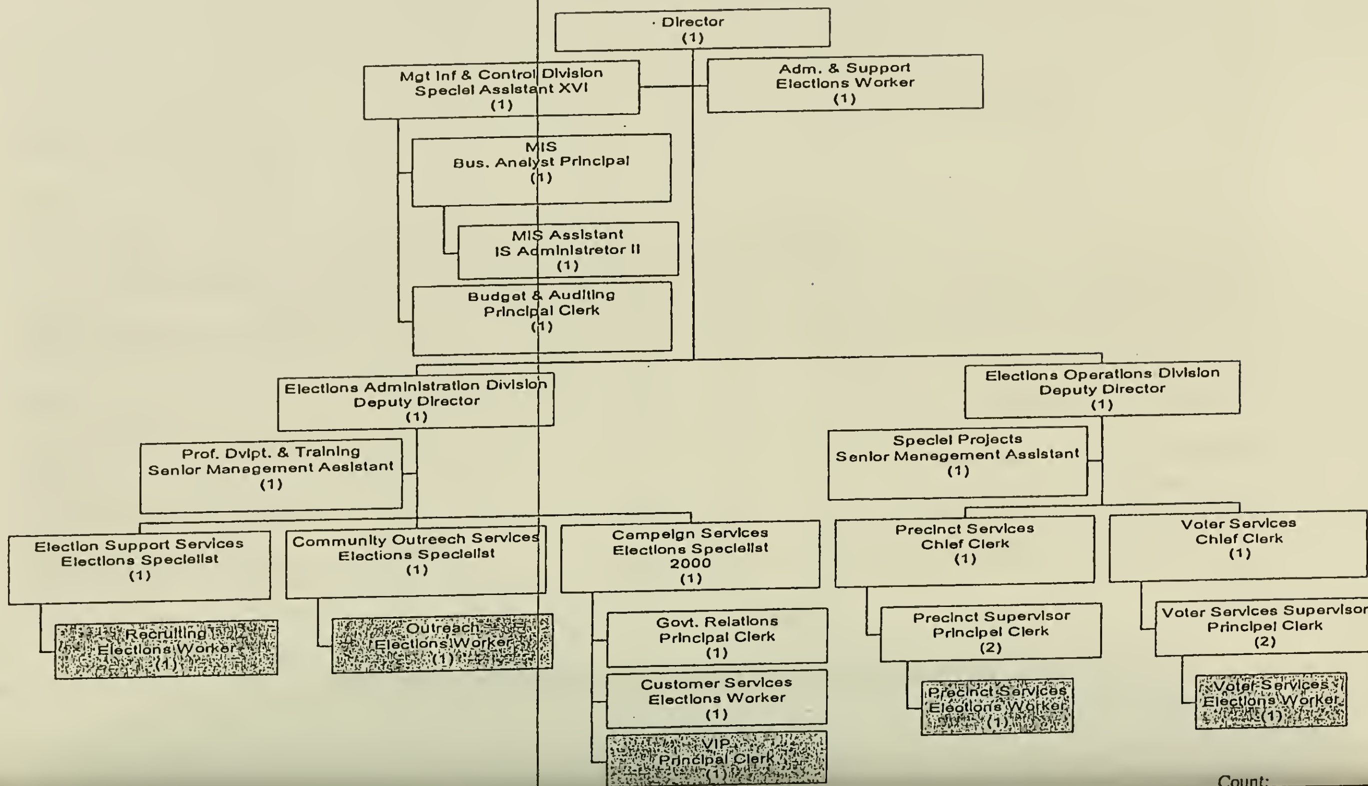
Division	first_name	last_name	job	Filled/ Vacant	TX'd	start date	end date	total salary w/COLA	Comments
805009	TEMP STAFF	TEMP STAFF	1471 (.75)	Vacant		10/1/01	6/30/02	34,458	department in process of filling, functions being performed by temp staff
805009	TEMP STAFF	TEMP STAFF	1471 (.75)	Vacant		10/1/01	6/30/02	31,848	department in process of filling, functions being performed by temp staff
805009	JOHN P 1367	ARNTZ	1842	Filled		7/1/01	6/30/02	58,717	position filled with provisional appointee
805009	ROBIN H 1367	BOXLER	1842	Filled		10/1/01	6/30/02	43,877	position filled with provisional appointee
805009	ROBIN H 1367	BOXLER	1367			7/1/01	9/30/01	12,624	
805009	LULA M 1471	JACKSON	1842	Filled		10/1/01	6/30/02	36,717	position filled with provisional appointee
805009	LULA M 1471	JACKSON	1471			7/1/01	9/30/01	11,528	
805009		.	1844	Vacant		12/1/01	6/30/02	35,650	
805010	NARDA 1125	GARCIA	AC36	Filled		9/1/01	6/30/02	61,004	position filled with permanent exempt appointee
805010			1408 (.9)	Vacant					DHR in process of establishing permanent list, department
805010	TEMP STAFF	TEMP STAFF	1471			8/1/01	6/30/02	42,185	conducting provisional process, functions already being performed by temp staff
805010			1408 (.9)	Vacant					DHR in process of establishing permanent list, department
805010	TEMP STAFF	TEMP STAFF	1471			8/1/01	6/30/02	42,185	conducting provisional process, functions already being performed by temp staff
805010			1408 (.9)	Vacant					DHR in process of establishing permanent list, department
805010	TEMP STAFF	TEMP STAFF	1471			8/1/01	6/30/02	42,185	conducting provisional process, functions already being performed by temp staff
805010			1408 (.9)	Vacant					DHR in process of establishing permanent list, department
805010	TEMP STAFF	TEMP STAFF	1403			8/1/01	6/30/02	34,248	conducting provisional process, functions already being performed by temp staff

DEPARTMENT OF ELECTIONS PERMANENT POSITION TRACKING

Division	first_name	last_name	job	Filled/ Vacant	TX'd	start date	end date	total salary w/COLA	Comments
805010	JENNIFER L 1367	NOVAK	1410	Filled		10/1/01	6/30/02	46,310	DHR in process of establishing permanent list, currently filled
805010	JENNIFER L 1367	NOVAK	1367			7/1/01	9/30/01	14,614	with provisional appointee
805010	DEBORAH L 1471	BROWN	1410	Filled		10/1/01	6/30/02	38,718	DHR in process of establishing permanent list, currently filled
805010	DEBORAH L 1471	BROWN	1471			7/1/01	9/30/01	11,528	with provisional appointee
805010			1471 (.75)	Vacant					department in process of filling, functions being performed by
805010	TEMP STAFF	TEMP STAFF	1403			10/1/01	6/30/02	32,133	temp staff
805010			1471 (.75)	Vacant					department in process of filling, functions being performed by
805010	TEMP STAFF	TEMP STAFF	1403			10/1/01	6/30/02	31,315	temp staff
805010			1844	Filled	TX'd			0	
805010	TEMP STAFF	TEMP STAFF	1471			7/1/01	9/30/01	10,478	position tx'd from 1844 to 1840, department conducting exempt
805010	TEMP STAFF	TEMP STAFF	1840			10/1/01	6/30/02	35,659	process, functions already being performed by temp staff
	TOTAL PROJECTED EXPENDITURES							1,345,030	
	BUDGET							1,405,144	
	SURPLUS							60,114	

DEPARTMENT OF ELECTIONS

(PROPOSED ORG CHART)



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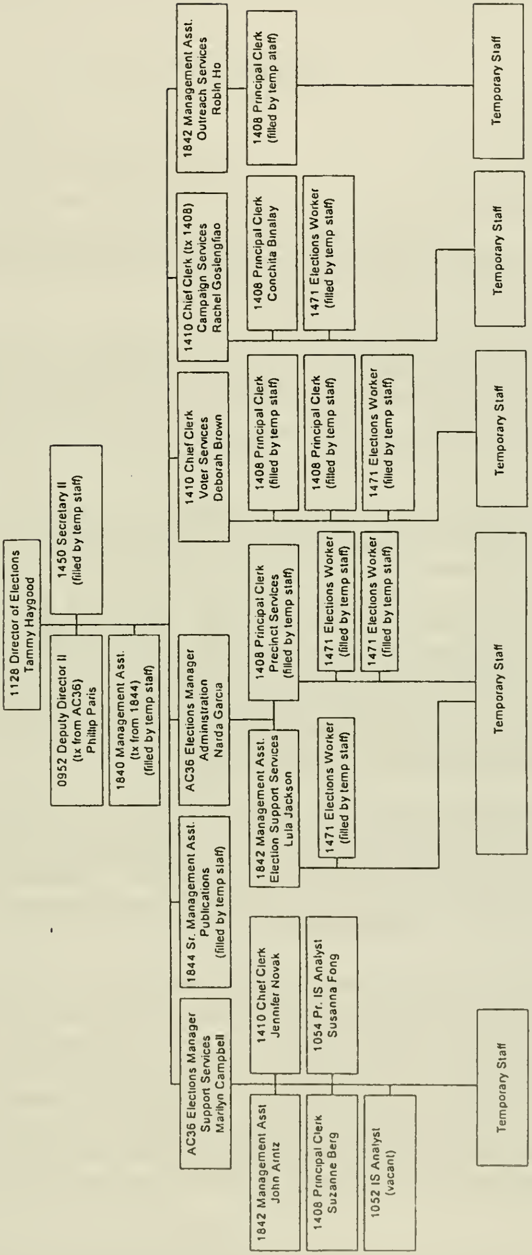
Department of Elections Organization Chart

Draft October 2001



DEPARTMENT OF ELECTIONS
City and County of San Francisco

TAMMY HAYGOOD
Director

October 4, 2001

To: Debra Newman
Budget Analyst

From: Tammy Haygood

Subject: Request for release of reserve, FY 01-02 salary funds for the Department of Elections
Request for release of reserve, Redistricting

When I was appointed to the position of Director of the Department of Elections on August 1, 2001, the department had two permanent employees. Since that time, we have been able to make two additional permanent appointments and seven more provisional appointments to permanently budgeted positions. The department is moving quickly to fully staff budgeted positions.

The department is moving forward with plans to facilitate the November 2001 election, the probable result of which will require a December 2001 run-off election. The department is implementing a number of new programs to increase professionalism, and improve the quality of poll inspectors and clerks. The department is focused on making the absentee voting process more efficient, given the space limitations of City Hall. Finally the department is implementing a third layer of field support for the polls by setting-up eleven transfer sites. One transfer site will be located in each supervisorial district and will house one ES&S service person and DOE troubleshooting personnel. These sites complement the troubleshooting expertise of Field Election Deputies, FEDs, and the support staff in City Hall. The transfer sites will also store field supplies for quick deployment to polling locations.

The filings for the November 2001 election have necessitated a Voter Information Pamphlet, VIP, totaling 127 pages and a two-card ballot. The budget assumed a VIP of not more than 100 pages and a one-card ballot. Cost impacts are not yet known. Within the current budget year, the department will present a proposal where revenues from paid arguments and candidates will be sufficient to pay the cost of publication of the VIP.

The budget was based on a process efficiency model that can only be implemented in space that is unrestrictive. At the time the budget request was submitted last spring, the assumption was that the department would move from City Hall. However, the department's space in City Hall is very restrictive, requiring more labor units for each associated task. These space constraints are reflected in the need for additional temporary staff that was not budgeted. In other areas, however, the department has been able to mitigate space limitations by obtaining and bringing to minimal building standards additional space at 240 Van Ness Ave. While the cost of the repairs required to use the space at 240 Van Ness for non-office functions was not included in the

1 Dr. Carlton B. Goodlett Place – Room 48, San Francisco, CA 94102-4634
Voice (415) 554-4375; Fax (415) 554-7344; Absentee Fax (415) 554-4372; TDD (415) 554-4386

department's budget that cost was greatly lower than the expense of hiring temporary workers to compensate for the lack of space in City Hall. The estimated cost for the use of 240 Van Ness, including maintenance and cleaning, for the period from October to March is $30,000.

Unanticipated additional Voter Services' personnel were hired and will continue to be needed for the following:

1. Purging of voter rolls,
2. Support of the 15 day close and
3. Support of the Redistricting Task Force.

The purging of the voter rolls was behind schedule due to unplanned staff lay-offs at the end of the last budget year and threatens the integrity of San Francisco's November 2001 election. These lay-offs left the department dormant with no one to update the voter files. The department has purged and updated voter records and has implemented new methods of doing this.

New legislation allows a voter to register or change their registration up to fifteen days before the election. This new legislation requires voter services' staff to complete an influx of voter registration while completing signature checks for absentee ballots and early voting.

The Board of Supervisors recently passed the ordinance enabling the redistricting task force, which the Department of Elections is preparing to support. However, the budget anticipated that the task force would be empanelled in the summer of this year, prior to the election busy seasons. The department will support the redistricting effort and perform the required reprecincting by hiring additional staff in the voter services and MIS areas.

I have authorized the purchase of additional equipment and supplies necessary for Election Day activities, which were not anticipated in the budget.
Six hundred cell phones were ordered for the poll worker's emergency use during Election Day, at a cost of approximately $50,000. In the past Nokia provided phones at no charge to the department, with only the requirement that they be returned after the election. Last year the department had no system in place to guarantee the return of the phones. As no phones were returned to Nokia, Nokia refused to offer the service this year. Therefore the department will purchase the phones this year. The service for these phones will also need to be purchased. In the past, AT&T offered free service on Election Day. However, due to the demand for free service in the New York area, AT&T will not be extending the offer this year.

Please call me if you require additional information or clarification.

Department of Elections
FY 01-02 Salary Projection

pay period	9/28/01	budget	current FY actual	current pay period actual	year end projection	projected surplus before adjustments	subtotal - adjustments	Projected surplus/(deficit) after adjustments
	Elections							
	Permanent Salaries							
805008	MIQA	406,966	73,772	12,467	316,876	90,090	(4,000)	86,090
805008	Administration	493,771	41,938	9,664	230,386	263,385	(3,000)	260,385
805008	Operations	504,406	36,600	7,593	184,664	319,742	(2,000)	317,742
	Total	1,405,143	152,310	29,724	731,925	673,218	(9,000)	664,218
	Temporary Salaries							
	projection using current ppd	900,000	428,018	108,979	2,553,109	(1,653,109)		(1,653,109)
	projection using average ppd			65,849	1,777,921	(877,921)		(877,921)
	Overtime							
	projection using current ppd	200,000	38,748	17,583	381,617	(181,617)		(181,617)
	projection using average ppd			5,961	160,953	39,047		39,047
	Premium	10,000	1,600	385.00	9,108	893		893
	Total	2,515,143	620,676	156,671	3,675,758	(1,160,615)	(9,000)	(1,169,615)
	Salary budget	2,515,143						
	Less: Current FY actual through ppd 9/28/01	620,676						
	Remaining salary funds	1,894,467						
	Projected average ppd through March election	190,000						
	Number of ppds that funds will be available	10						

Item 8 - File 01-1773

Departments: Department of Administrative Services (DAS)
Department of Elections (DOE)

Item: Hearing to consider release of reserved funds in the amount of $253,237 for the Reapportionment Project.

Amount: $253,237

Source of Funds: General Fund

Description: The proposed request by the Department of Elections is to release $253,237 of funds that were placed on reserve by the Finance Committee in the FY 2001-2002 budget to pay for the Reapportionment Project. In accordance with Charter Section 13.110(d), the Reapportionment Project will undertake to redraw the 11 Supervisorial District boundaries, in accordance with the 2000 U.S. Census data and the requirements of Federal and State law. Specifically, these funds are to pay for the staff, operating expenses and outside consultants to reapportion the 11 Board of Supervisors Districts, based on the 2000 U.S. Census data.

All of the $253,237 of funds requested for this Reapportionment Project for FY 2001-2002 were placed on reserve, pending the hiring of the Director of Elections, the formation of the Elections Task Force, the identification of the consultant(s), and submission to the Finance Committee of specific budget details, including consultant hourly rates and the estimated number of hours. The Department of Elections is now requesting that all of the $253,237 of funds be released from reserve.

Budget:

$92,354	Salaries
7,158	Mandatory Fringe Benefits
112,825	Non Personal Services
10,410	Materials & Supplies
10,490	Capital Equipment
20,000	Services of Other Departments
$253,237	Total

The Attachment, provided by Mr. Ara Minasian of the Department of Administrative Services, identifies the Department of Elections budget of $253,266 for the Reapportionment Project. Mr. Minasian advises that the attached budget is $29 more than the requested release of reserve due to rounding of some of the amounts in the attached budget.

Ms. Jennifer Novak of the Department of Elections advises that the proposed budget was developed during the Spring of 2001, and based on the last redistricting effort in 1990 in San Francisco.

Comments:

1. As noted above, one of the reasons that the $253,237 was placed on reserve was because the requested consultant(s) had not yet been selected and therefore the specific hourly rates and number of hours to be provided had not been submitted to the Finance Committee. The attached Reapportionment Budget includes an estimated $40,000 for consultant services, based on an estimated $150 per hour, which would result in a total of approximately 267 hours. Ms. Novak advises that depending on the skills of the Elections Task Force, the Task Force may want to hire an outside consultant to conduct various tasks in assisting the Elections Task Force in redrawing the Supervisorial District boundaries (See Comment No. 6).

It should be noted that the Department of Elections issued a Request for Proposal (RFP) in March of 2001 for a consultant to assist in the 2001 Reapportionment Project. Ms. Novak advises that five consultants responded to that RFP, but, that no consultants were hired, since the Project was

put on hold. According to Ms. Novak, it will ultimately be the responsibility of the Elections Task Force to determine whether a consultant should be hired for the Reapportionment Project and to select the specific consultant(s) through a RFP, or other process, to conduct work which may be needed.

2. Ms. Novak advises that the Maptitude Computer/Software system budgeted for $3,558 would be used to link the 2000 Census data to specific Census blocks in the City in order to automatically calculate population, ethnic and other Census data by block during the reapportionment effort. According to Ms. Novak, the Arch View Street Map Computer/Software system budgeted for $10,490 is a more advanced mapping system that will upgrade the Department's exiting MapInfo System which is extremely labor intensive and will permit the Department to more readily transfer the voter reapportionment data into the correct districts and precincts. Ms. Novak advises that the requested Arch View Street Map system is also compatible with the Department of Public Works and the Department of Telecommunications and Information Services mapping and computer systems.

3. According to Ms. Novak, a Newspaper Advertising budget of $45,000 is included in the attached budget in anticipation that the Elections Task Force may want to place a full-page advertisement in the San Francisco Chronicle, once the Elections Task Force has decided on preliminary reapportionment Supervisorial District boundaries in order to notify all San Francisco residents of the proposed changes. As of the writing of this report, Ms. Novak could not provide specific cost details for a full-page advertisement. In addition, the proposed budget includes $1,100 for newspaper announcements of public meetings and hearings to be held by the Elections Task Force, based on an estimate of $4.00 per line, which would provide for 275 lines of advertising.

4. Ms. Novak advises that all other counties in California, except San Francisco, have now completed their reapportionment of Board of Supervisors districts. Although the reapportionment effort has not yet begun in San Francisco, Mr. Minasian advises that the same level of staffing, that is shown in the attached Reapportionment Project Budget is still projected to be required to complete the work.

5. The Budget Analyst notes that at the time of the FY 2001-2002 budget hearings, these Reapportionment Project funds were placed on reserve, for various reasons, including the fact that a Director of Elections had not yet been hired. In addition, the Department lacked any permanent upper-level management staff and, in fact, there was an overall vacancy rate of 50 percent in the Department of Elections. As noted above, the funds for the Reapportionment Project were placed on reserve until the Director of the Department of Elections was hired. On August 1, 2001, Ms. Tammy Haygood was appointed to be the Director of the Department of Elections.

6. As noted above, one of the other reasons that the $253,237 for the Reapportionment Project was placed on reserve was because the Elections Task Force was not yet formed. The Elections Task Force is the organization that is responsible for redrawing the Board of Supervisors district lines, in accordance with specific legal requirements. On September 24, 2001, the Board of Supervisors approved an ordinance creating a nine-member Elections Task Force (File 01-0840), and providing that three members be appointed by the Board of Supervisors, three members be appointed by the Mayor and three members be appointed by the Director of the Department of Elections. In addition, the Director of Elections serves ex officio as a non-voting member. In accordance with the ordinance, the membership of the Task Force is to be representative of the communities of interest,

neighborhoods and the diversity in ethnicity, race, age, sex and sexual orientation.

Ms. Tammy Haygood, the Director of the Department of Elections advises that to date, no members have been appointed by the Mayor and no members have been appointed by the Director of the Department. Mr. Victor Young, the Clerk of the Rules Committee for the Board of Supervisors advises that public notices have been issued regarding the Board of Supervisors three appointments. The Board of Supervisors is currently accepting applications, through October 28, 2001, for the Board's appointments to the Elections Task Force. Although the enabling legislation, creating the Task Force has now been approved, to date, no members have been appointed to the Elections Task Force and therefore the Task Force has not yet convened.

7. Currently, the City's Charter does not set a deadline for convening the Elections Task Force and does not set a deadline for the redrawing of the Supervisorial District lines. However, according to Ms. Novak, since the next Board of Supervisors elections will not be held until November of 2002, or approximately one year from now, she advises that the 11 Supervisorial Districts should be clearly defined in sufficient time to allow for candidates for the Board of Supervisors to file and campaign for that election.

8. It should also be noted that on the November 6, 2001 Municipal Election, there are two Propositions (Propositions G and E) that may potentially affect the Elections Task Force in San Francisco. Proposition G would change the procedures for redrawing Supervisorial District lines to require that the Elections Task Force be appointed by January 8, 2002 and that the redrawing of the District lines be completed before April 15, 2002. The Elections Task Force would also be required to use Federal Census data that has been adjusted to correct for any undercount or overcount of the population if that information is

available. Furthermore, if the voters approve Proposition E which is also on the November 6, 2001 ballot, the Elections Commission that would be created under Proposition E, rather than the Director of Elections, which is presently the case, would be responsible for appointing three members to the Elections Task Force. Under Proposition E, the Elections Commission, which would oversee the Department of Elections, would have seven members, with one appointment each by the Mayor, the Board of Supervisors, the City Attorney, the Public Defender, the District Attorney, the Treasurer, and the Board of Education.

Recommendation: Continue the requested release of $253,237 of reserved funds for the Reapportionment Project until after the November 6, 2001, given that (1) the Task Force has not yet been convened, (2) a consultant has not yet been selected and (3) the November 6, 2001 election includes two Propositions that could significantly affect the appointments to the Elections Task Force.

Harvey M. Rose

Supervisor Leno
Supervisor Peskin
Supervisor Gonzalez
Clerk of the Board
Controller
Ben Rosenfield

Attachment

EDISTRICTING, REPRECINTING & ELECTIONS TASK FORCE BUDGET CONSIDERATIONS								
onsultant					budget	obj		
		$150.00/ hr per person			40,000	021		
omputer/								
)ftware	Maptitude for Redistricting				3,558	040		
	2-Large Monitors				1,700	040		Sum of budget
								obj
'aff								005
	Assistant	Suzanne Berg	1471	$1682 bi-9.5 mo. (21.025/hr,	32,667	005		011
	Field Workers	Gary Pettinger/John Martin	2-1403	$1596 bi-2.5 mo. (19.95/hr)	16,461	005		013
	Computer Ope/Data Entry & DIMS testing		2-1471	$1682 bi-4 mo. (21.025/hr)	27,509	005		021
	Clerk - Elections Task Force		25-1426		10,170	005		040
	Overtime				5,577	011		060
	Fringes				7,158	013		081
	MIS Support	Eddy Ching - DTIS		200 hours	20,000	081		Grand Total
ravel								
	Hotel & Food				500	021		
	Transportation/Travel	(Claremont Conference, DIMS User Mtgs.& 6+ Sacramento Trips)			1,200	021		
omputer/								
ıftware	Arch View				495	060		
	Arch View Street Map 2000				9,995	060		
ıpplies								
	Computer/Monitor	1 - Elections Task Force			2,000	040		
	Software - MS Office	1 - Elections Task Force			750	040		
	Paper/envelopes	Elections Task Force			2,400	040		
	Postage/messanger/Express Delivery	Elections Task Force			750	021		
	Coping costs/ Color copies	Elections Task Force			400	021		
	Misc.	Elections Task Force			1,200	021		
	Graphics				500	021		
	Printing Cost	500 Sup dist maps (11 dist)			3,200	021		
	Newspapers	Elections Task Force			500	021		
	Newspapers/Advertising				45,000	021		
ıblic								
eettings	Facilities Rental Costs (Min. 11 Dist.)	Elections Task Force		11x150 each site	1,650	021		
	Newspaper Announcements	Elections Task Force		$4 00/ line	1,100	021		
	City Watch	Elections Task Force						
	City Hall Meetings -$450.00 for first 3 hrs.				450	021		
	Off Site Meetings - $1125.00x11 for first 2 hrs.				12,375	021		
	Website	Elections Task Force			2,500	021		
embers								
	Parking/Milage Reimbursements	Elections Task Force			1,500	021		
				GRAND TOTAL	253,266			

City and County of San Francisco
Meeting Minutes
Finance Committee

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez

Clerk: Gail Johnson

Wednesday, October 24, 2001 **10:00 AM** **City Hall, Room 263**

Regular Meeting

Members Present: Mark Leno, Aaron Peskin.

Members Absent: Matt Gonzalez.

MEETING CONVENED

The meeting convened at 10:12 a.m.

REGULAR AGENDA

011833 **[Reserved Funds, Mayor's Office of Community Development]**

Hearing to consider release of reserved funds, Mayor's Office of Community Development (File 010621, Resolution No. 324-01), in the total amount of $260,000 ($100,000 from FY 2000 and $160,000 from FY 2001), to provide economic development services targeted at the Asian Pacific Islander community in San Francisco. (Mayor)

10/9/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Ken Bruce, Budget Analyst's Office; Pamela David, Director, Mayor's Office of Community Development; Lily Lo, Executive Director, Northeast Community Federal Credit Union; Philip Nguyen, Executive Director, Southeast Asian Community Center.
Release of reserved funds in the amount of $260,000 approved.

APPROVED AND FILED by the following vote:

Ayes: 2 - Leno, Peskin
Absent: 1 - Gonzalez

011678 **[Appropriation, Ethics Commission]**

Supervisor Leno

Ordinance re-appropriating $38,346 of General Fund Proposition O funding for one position to perform investigations by the Ethics Commission for Fiscal Year 2001-2002, and amending Annual Salary Ordinance for Fiscal Year 2001-02.

(Companion measure to File 011679.)

9/24/01, RECEIVED AND ASSIGNED to Finance Committee. Schedule for October 24, 2001, meeting.

Heard in Committee. Speakers: Ken Bruce, Budget Analyst's Office; Ms. Vida, Ethics Commission; Charlie Marsteller.

Amended on page 1, lines 17, 22 and 25, and on page 2, lines 9, 13, 15, and 18, by replacing "$38,346" with "$34,947." Further amended on page 2, line 13, by replacing "$30,677" with "$27,958," and on line 18, by replacing "$38,346" with "$34,947."

AMENDED.

Ordinance re-appropriating $34,947 of General Fund Proposition O funding for one position to perform investigations by the Ethics Commission for Fiscal Year 2001-2002, and amending Annual Salary Ordinance for Fiscal Year 2001-02.

(Companion measure to File 011679.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Leno, Peskin
Absent: 1 - Gonzalez

011679 **[Amending Annual Salary Ordinance 2001-02, Ethics Commission]**

Supervisors Leno, Daly

Ordinance amending Ordinance No. 171-01 (Annual Salary Ordinance 2001/02) reflecting the creation of one position at the Ethics Commission.

9/24/01, RECEIVED AND ASSIGNED to Finance Committee. Schedule for October 24, 2001, meeting.

Heard in Committee. Speakers: Ken Bruce, Budget Analyst's Office; Ms. Vida, Ethics Commission; Charlie Marsteller.

RECOMMENDED by the following vote:

Ayes: 2 - Leno, Peskin
Absent: 1 - Gonzalez

011578 **[Business and Tax Regulations Code Amendment]**

Supervisors Peskin, Daly, Gonzalez, Maxwell, McGoldrick

Ordinance amending the San Francisco Business and Tax Regulations Code by amending Article 1, Section 8(h), to provide that an appeal to the Board of Appeals of an action by the Zoning Administrator or Director of the Department of Building Inspection stopping work under or suspending an issued permit does not suspend the action pending the Board's decision; providing that this ordinance shall apply retroactively to appeals filed on or after the date of introduction.

8/27/01, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 9/26/2001.

Speakers: None.

RECOMMENDED by the following vote:

Ayes: 2 - Leno, Peskin
Absent: 1 - Gonzalez

011743 **[Compensation for City Employee Called to Active Military Duty]**

Mayor

Ordinance amending the 2001-2002 Annual Salary Ordinance to entitle City officers or employees called to active duty with a military reserve organization to receive from the City the difference between the amount of the individual's military pay and the amount the individual would have received as a City officer or employee had the individual worked his or her normal work schedule. (Mayor)

(Fiscal impact.)

10/1/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Ken Bruce, Budget Analyst's Office; Theodore Lakey, Deputy City Attorney; Philip Ginsburg, Deputy City Attorney; Pamela Levin, Controller's Office; Alice Villagomez, Human Resources Department, Employee Relations Division; Wallace Levin, Veterans Affairs Commissioner; Raymond Wong, Commander of Veterans of Foreign Wars.

Amendment of the Whole making minor technical amendments adopted.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Leno, Peskin
Absent: 1 - Gonzalez

011709 **[Prevailing Wage]**

Resolution fixing the highest general prevailing rate of wages, including wages for overtime and holiday work, for various crafts and kinds of labor as paid for similar work in private employment in the City and County of San Francisco at the rates certified to the Board by the Civil Service Commission on September 17, 2001. (Civil Service Commission)

9/26/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Ken Bruce, Budget Analyst's Office; Kate Favetti, Executive Officer, Civil Service Commission.

RECOMMENDED by the following vote:

Ayes: 2 - Leno, Peskin
Absent: 1 - Gonzalez

011775 **[Water Contract Amendments, Cities of East Palo Alto and Menlo Park]**

Resolution approving contract amendments to water supply contracts between the San Francisco Public Utilities Commission and the Cities of East Palo Alto and Menlo Park (Public Utilities Commission)

9/27/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Ken Bruce, Budget Analyst's Office; William Laws, Public Utilities Commission.

RECOMMENDED by the following vote:

Ayes: 2 - Leno, Peskin
Absent: 1 - Gonzalez

011733 [Water Pipeline and Easement Relocation]

Resolution authorizing the relocation of Crystal Springs Pipeline Numbers 1 and 2 within the City of South San Francisco along Bayshore Boulevard in accordance with a Water Supply Lines Relocation Agreement, and the subsequent transfer of easements. (Real Estate Department)

(Fiscal impact.)

9/26/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Ken Bruce, Budget Analyst's Office; Marc McDonald, Director of Property, Real Estate Division, Department of Administrative Services; Tasso Mavroudis, Project Manager, Public Utilities Commission, Utilities Engineering Bureau.

RECOMMENDED by the following vote:

Ayes: 2 - Leno, Peskin
Absent: 1 - Gonzalez

011737 [Water Pipeline Replacement]

Resolution authorizing the execution and performance of an Exchange Agreement with the City of Brisbane relating to the replacement of Crystal Springs Pipeline Number 1. (Real Estate Department)

10/3/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speaker: Ken Bruce, Budget Analyst's Office.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 2 - Leno, Peskin
Absent: 1 - Gonzalez

ADJOURNMENT

The meeting adjourned at 11:02 a.m.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST
1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

October 18, 2001

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: October 24, 2001 Finance Committee Meeting

Item 1 - File 01-1833

Department: Mayor's Office of Community Development (MOCD)

Item: Hearing to consider the release of $260,000 in reserved Community Development Block Grant (CDBG) funds for contractual services to provide economic development services to the Asian Pacific Islander community in San Francisco.

Amount: $260,000 ($160,000 from FY 2001-2002 CDBG funds and $100,000 from FY 2000-2001 CDBG funds)

Source of Funds: U.S. Department of Housing and Urban Development (HUD) CDBG funds reserved by the Board of Supervisors

Description: According to Mr. Roger Sanders of MOCD, in April of 2001, the Board of Supervisors approved a resolution allocating FY 2001-2002 CDBG funds and Program Income in the amount of $38,663,433 (File No. 01-0621). As part of this allocation, the Board of Supervisors reserved $160,000 for economic development assistance. Also, in April of 2000, the Board of Supervisors reserved $100,000 of the FY 2000-2001 CDBG budget (File No. 00-0488) for the Mayor's Economic Development Pool

pending submission to the Finance Committee of a program plan and budget details.

If the requested release of reserved funds is approved, MOCD would award $260,000 for a joint venture of the Northeast Community Federal Credit Union (NECFCU) and the Southeast Asian Community Center (SEACC) to provide economic development services to the City's Asian Pacific Islander population. Each organization would receive $130,000. The proposal submitted by the two nonprofit organizations states that they would collaborate to provide business assistance services to Asian-owned small businesses in San Francisco, with a focus on Chinese, Filipino, Korean, and Japanese businesses. The proposal further states that the SEACC and NECFCU have worked together for more than 10 years to assist small businesses in San Francisco. According to the proposal, services to be provided would include loan packaging, marketing assistance, business plan development services, financial sourcing (finding sources of funds including funds from financial institutions, government agencies and non-government agencies that have business oriented programs), accounting assistance, licensing assistance, and general business assistance.

According to the proposal, the Community Center would focus on assisting businesses in the Filipino, Korean, and Japanese communities while the Credit Union would focus on assisting businesses in the Chinese community. Further, the proposal states that the two organizations would work with other nonprofit Asian Pacific Islander organizations in the community (to provide services or obtain referrals) including the Korean Center, Inc., Wu Yee Children's Services, and the Chinatown/North Beach Campus of City College of San Francisco.

The proposal states that the program would primarily serve low-income, small-business owners of Chinese, Filipino, Korean and Japanese descent. The proposed program would provide services Citywide but would focus on certain neighborhoods for particular ethnic groups, such as Chinatown, Mission, Richmond, Sunset and Visitacion Valley for Chinese businesses and Japantown for Japanese businesses. Services for the Vietnamese

population are already provided by the Southeast Asian Community Center through an existing MOCD contract.

The proposal identifies the following as the goals the program will attempt to achieve by June 30, 2002: (1) increase access to capital for 14 businesses by developing loan packages and obtaining business loans (2) provide technical assistance to 60 new and existing businesses and support new business expansion (3) provide follow-up technical assistance to 26 start-up or expanded businesses (4) improve capacity of two Asian Pacific Islander non-profit agencies to provide services to small businesses and (5) increase access to business assistance in three underserved Asian Pacific Islander communities

Budget: MOCD has provided the following summary budget data for each proposed organization:

(1) Northeast Community Federal Credit Union

Salaries	$75,700
Fringe Benefits	14,300
Sub-Contracted Services	20,000
Rent	9,000
Equipment	4,000
Utilities	2,000
Phone	1,500
Insurance	1,000
Supplies	1,000
Training and Promotional Materials	1,000
Travel/Conferences	500
	$130,000

(2) Southeast Asian Community Center

Salaries	$70,100
Fringe Benefits	16,816
Sub-Contracted Services	18,013
Marketing Materials, Printing and Postage	9,655
Rent	7,020
Travel	1,926
Utilities	1,800
Phone	1,050
Insurance	1,100
Audit	1,000
Supplies	800
Equipment	720
TOTAL	$130,000

Attachments I and II, provided by MOCD, include details to support the budget summaries above.

Comments:

1. Mr. Albert Lerma of the MOCD advises that MOCD issued a Request for Proposals (RFP) during August of 2001 and received eight proposals. Attachment III, provided by MOCD, lists the eight nonprofits that submitted proposals, their proposed cost for providing services, and a summary of the proposed services. Mr. Lerma notes that organizations were not required to submit proposals for the full amount of funds available and thus, some proposals are for lesser amounts. Mr. Lerma advises that one proposal, submitted by Soul'd Out Productions, was disqualified because the services proposed were unrelated to the criteria specified in the RFP.

2. Mr. Lerma advises that the remaining seven proposals were evaluated by the Economic Development Subcommittee of the MOCD's Citizens Committee on Community Development. Mr. Lerma advises that the Subcommittee made a recommendation to the Citizens Committee on Community Development to award the funds to the proposed joint venture of the SEACC and the NECFCU and the Committee concurred with the Subcommittee's recommendation. The joint proposal by

NECFCU and SEACC requested $260,000, with $130,000 to be provided to each organization.

Mr. Lerma advises that the Subcommittee's evaluation of the proposals focused on three criteria: (1) background and technical expertise in providing business assistance and loan packaging services (2) ability to demonstrate joint ventures or community partnerships to provide maximum outreach as well as leveraging additional resources with agencies that represent the broad spectrum of services available in San Francisco to serve the Asian Pacific Islander community and (3) a detailed, comprehensive work plan that includes clearly identified performance goals in targeting the Asian Pacific Islander Community and a detailed outreach strategy.

3. Mr. Sanders advises that $38,013 of the requested release of reserved funds would be for Sub-Contracted Services as follows: (1) NECFCU would receive $20,000 for an Outreach Consultant for 400 hours at $50 per hour (2) SEACC would receive $8,000 for a Marketing Consultant for 160 hours at $50 per hour (3) SEACC would receive $6,479 to sub-contract with a Filipino nonprofit organization for Filipino Outreach Support and $3,534 to sub-contract with a Korean nonprofit organization for Korean Outreach Support. Mr. Sanders advises that the sub-contracts for Filipino and Korean Outreach Support would fund anticipated costs for developing program expertise in the Filipino and Korean non-profit communities. Mr. Sanders advises that in reserving the funds for which the release is requested, the Board of Supervisors had encouraged MOCD to develop its program expertise among various ethnic groups in the Asian Pacific Islander demographic group. Mr. Sanders advises that the expenses to be paid with the Filipino and Korean Outreach funds would include staffing, space rental, telecommunications, supplies, equipment and insurance. Mr. Sanders advises that MOCD would require NECFCU and SEACC to obtain MOCD approval before the organizations could hire the Consultants or award the Outreach sub-contracts. Mr. Sanders advises that in order to comply with Federal and City requirements, the organizations would be required to advertise and seek proposals for the services required.

4. The joint venture proposal states that SEACC is a 501(c)(3) organization under the Internal Revenue Service Code and has provided business assistance services and loan programs to small businesses through MOCD since 1988 and the Federal Small Business Administration's Microloan program since 1993. The proposal states that for FY 2001-2002, SEACC has received $106,500 in CDBG funds, aside from the requested release of reserved funds.

Mr. Sanders advises that NECFCU is a 501(c)(14) credit union under the Internal Revenue Service Code and was founded in 1981 to serve the depository and credit needs of Chinatown residents. The proposal states that for FY 2001-2002, NECFCU has received $75,000 in CDBG funds, aside from the requested release of reserved funds.

Recommendation: Approve the requested release of reserved funds totaling $260,000.

Schedule A. Part 1. Project Budget (This Project Only)

Project Name: Asianpacific Islander Economic Development Services
Organization Name: Northeast Community Federal Credit Union
Tax ID: 94-2891498

Line	Budget Item	Column A 2000 CDBG Funding *Currently Funded Project*	Column B 2000 Other Funding *Currently Funded Project*	Column C 2001 CDBG Request
1	Employee Salaries & Fringe Benefits	$ 71,000.00	$ 82,800.00	$ 90,000.00
2	Contractual Services—Consultants	$	$	$ 20,000.00
3	Repairs and Maintenance (not capital projects)	$	$ 8,000.00	$
4	Equipment (Purchase or Rental)	$	$ 4,200.00	$ 4,000.00
5	Insurance (Workers Comp; Liability; Property; Fidelity, Auto)	$	$ 2,000.00	$ 1,000.00
6	Space Rental (Lease of Administrative/Program Space)	$ 4,000.00	$ 3,200.00	$ 9,000.00
7	Supplies (Office Supplies including Stationary)	$	$ 7,000.00	$ 1,000.00
8	~~ESG Supplies (Food, Bedding)~~	$	$ 3,000.00	$
9	Telecommunications (Phone)	$	$ 500.00	$ 1,500.00
10	Travel/Conferences	$	$ 920.00	$ 500.00
11	Utilities	$	$ 2,000.00	$ 2,000.00
12	Other	$	$	$ 1,000.00
13	Audit (This item must be completed)	$	$	$
14	~~Homeless Prevention activities (for ESG)~~	$	$	$
15	Total Project Costs (Lines 1 thru 14)	$ 75,000.00	$ 113,620.00	$130,000.00
16	Program Income (generated from this program only, i.e., fees)	$ 0	$ 140,000.00	$ 0

Schedule A Part 2: Total Organizational Funding

Line	Column A	Column B	Column C	Column D
	Part 2. Agency Funding Sources	FY 1998	FY 1999	FY 2000
1	Mayor's Office of Community Development	$	$ 20,000.00	$ 50,000.00
2	Mayor's Office of Housing (non-CDBG)	$	$	$
3	Mayor's Office Economic Development	$	$	$
4	San Francisco Redevelopment Agency	$	$	$
5	Department of Human Services	$	$	$
6	Department of Public Health	$	$	$
7	Private Industry Council	$	$	$
8	Other City Funding (i.e. DCYF)	$	$	$
9	Total Other Government Grants (Non-City)	$	$ 233,000.00	$ 87,000.00
10	Total Corporate/Private Organization Contributions	$ 1,000.00	$ 37,500.00	$ 35,000.00
11	Total Contributions from Individuals	$	$	$
12	Total Loans	$	$	$
13	Total Program Income (fees from any source)	$	$	$
14	Total Agency Funding (Lines 1 thru 13)	$ 1,000.00	$ 290,500.00	$ 172,000.00

If you need additional space to complete response, please use reverse side of this page

Non Profit Organization Name: Northeast Community Federal Credit Union

Line	Budget Item Column A		Proposed Budget Request CDBG Amount	Total Program Cost
	Employee Listing & Job Title (Include %Time Assigned to Project)	Race Ethnicity	Salary/Wages	Salary/Wages
1	Outreach 0.80 FTE	Chinese	$ 32,000.00	$ 32,000.00
2	Loan Packaging/Techincal Assistant 0.40FTE	Chinese	$ 14,900.00	$ 14,900.00
3	Assistant Manager 0.10 FTE	Chinese	$ 7,200.00	$ 7,200.00
4	Intake/Reception 0.50 FTE	Chinese	$ 13,000.00	$ 13,000.00
5	Exec. Director 0.20 FTE	Chinese	$ 8,600.00	$ 8,600.00
6			$	$
7			$	$
8			$	$
9			$	$
10			$	$
11	Fringe Benefits/Expenses (Payroll Taxes, Insurance, etc.)		$ 14,300.00	$ 14,300.00
12	Total Employee Salaries, Wages & Fringes (Lines 1 thru 11)		$ 90,000.00	$ 90,000.00
	Business or Individual Consultant Listing		Consultant Expense	Consultant Expense
13	Outreach Consultant Workshop, 400 hrs @$50 per hour	Chinese	$ 20,000.00	$ 20,000.00
14			$	$
15			$	$
16			$	$
17	Total Consultants (Lines 13 thru 16)		$ 20,000.00	$ 20,000.00
	Equipment List		Amount	Amount
18	Computer (2) & Printer		$ 3,000.00	$ 3,000.00
19	Phones & Fax Machine		$ 1,000.00	$ 1,000.00
20			$	$
21			$	$
22	Total Equipment (Lines 18 thru 21)		$ 4,000.00	$ 4,000.00
	Travel		Amount	Amount
23			$	$
24			$	$
25			$	$
26			$	$
27	Total Travel (Lines 23 thru 26)		$	$
	Other Program Expenses		Amount	Amount
28	PG & E, Water		$ 2,000.00	$ 2,000.00
29	Telephone		$ 1,500.00	$ 1,500.00
30	Rent		$ 9,000.00	$ 9,000.00
31	Other (training & promotional materials)		$ 2,500.00	$ 2,500.00
32	Insurance		$ 1,000.00	$ 1,000.00
33	Total Other (Lines 28 thru 32)		$ 16,000.00	$ 16,000.00

NOTE: not all Schedule A budget items are listed on Schedule B

Schedule A. Part 1. Project Budget (This Project Only)

Project Name: API Project
Organization Name: SOUTHEAST ASIAN COMMUNITY CENTER
Tax ID: 94-2604543

Line	Budget Item	Column A 2000 CDBG Funding ~~Currently Funded~~ Project	Column B 2000 Other Funding ~~Currently Funded~~ Project	Column C 2001 CDBG ~~Request~~
1	Employee Salaries & Fringe Benefits	$ 86,091	$ 513,356	$ 86,916
2	Contractual Services-Consultants		$ 29,827	$ 18,013
3	Repairs and Maintenance (not capital projects)		$ 4,918	
4	Equipment (Purchase or Rental)	$ 720	$ 18,173	$ 720
5	Insurance (Workers Comp; Liability; Property; Fidelity, Auto	$ 1,100	$ 10,649	$ 1,100
6	Space Rental (Lease of Administrative/Program Space)	$ 12,182	$ 94,430	$ 7,020
7	Supplies (Office Suppkies including Stationary)	$ 800	$ 8,331	$ 800
8	~~ESG Supplies (Food, Bedding)~~			
9	Telecommunications (Phones)	$ 1,400	$ 13,385	$ 1,050
10	Travel/Conferences	$ 1,075	$ 14,016	$ 1,926
11	Utilities	$ 1,700	$ 12,459	$ 1,800
12	Other	$ 732	$ 101,968	$ 9,655
13	Audit (This item must be completed)	$ 700	$ 6,500	$ 1,000
14	~~Homeless Prevention activities (for ESG)~~			
15	Total Project Cost (Line 1 thru 14)	$ 106,500	$ 828,012	$ 130,000
16	Program Income (generated from this program only, i.e., fees			

Schedule A Part 2: Total Organizational Funding

Line	Column A	Column B	Column C	Column D
	Part 2. Agency Funding Source	FY 1998	FY 1999	FY 2000
1	Mayor's Office of Community Development	$ 100,100	$ 100,100	$ 100,100
2	Mayor's Office of Housing (non-CDBG)			
3	Mayor's Office of Ecomomic Development			
4	San Francisco Redevelopment Agency			
5	Deparment of Human Srecices			
6	Department of Public Health			
7	Private Industry Council			
8	Other City Funding (I.e. DCYF)			
9	Total Other Government Grants (Non-City)	$ 473,604	$ 525,246	462171
10	Total Corporate/Private Organization Contributions	$ 161,920	$ 258,941	827848
11	Total Contributions from Individuals	$ 20,234	$ 8,147	3611
12	Total Loans			
13	Total Program Income (fees from any source)	$ 91,219	$ 151,316	154768
14	Total Agency Funding (Line 1 thru 13)	$ 847,077	$ 1,043,750	$ 1,548,498

*you need additional space to complete response, please use reverse side of this page

Schedule B: 2001/2002 Program Budget Worksheet

Non Profit Organization Name: SOUTHEAST ASIAN COMMUNITY CENTER

Line	Budget Item Column A		Proposed Budget Request CDBG Amount	Total Program Cost
	Employee Listing & Job Title (Include % Time Assigned to Project	Race Ethnicity	Salary/Wages	Salary/Wages
1	Victor His, Director 0.10 FTE	Chinese	$ 7,500	$ 7,500
2	Richard Wada, Sr. Analyst 0.4 FTE	Janpanese	$ 16,800	$ 16,800
3	Filipino Business Specialist 0.50 FTE	Filipino	$ 20,900	$ 20,900
4	Korean Business Specialist 0.30 FTE	Korean	$ 18,400	$ 18,400
5	Hoa Nguyen, Accountant 0.10 FTE	Vietnamese	$ 3,700	$ 3,700
6	Leann Luu, Administrative Assistant 0.10 FTE	Vietnamese	$ 2,800	$ 2,800
7			$	$
8			$	$
9			$	$
10			$	$
11	Fringe Benefits/Expenses (Payroll Taxes, Insurance, ect.)		$ 16,816	$ 16,816
12	Total Employee Salaries, Wages & Fringes (Line 1 thru 11)		86,916	86,916
	Business or Individual Consultant Listing		Consultant Expense	Consultant Expense
13	Marketing Consultant @ 160 Hrs * $ 50/Hr		$ 8,000	$ 8,000
14	Filipino Outreach Support		$ 6,479	$ 6,479
15	Korean Outreach Support		$ 3,534	$ 3,534
16			$	$
17	Total Consultants (Line 13 thru 16)		$ 18,013	$ 18,013
	Equipment List		Amount	Amount
18	Copier Rental		$ 720	$ 720
19		-	$	$
20			$	$
21			$	$
22	Total Equipment (Line 18 thru 21)		$ 720	$ 720
	Travel		Amount	Amount
23	Muni Pass		$ 480	$ 480
24	Auto Expense		$ 246	$ 246
25	Workshop/ Network		$ 1,200	$ 1,200
26			$	$
27	Total Equipment (Line 23 thru 26)		$ 1,926	$ 1,926
	Other Program Expenses		Amount	Amount
28	Printing		$ 300	$ 300
29	Postage		$ 384	$ 384
30	Marketing Materials		$ 8,971	$ 8,971
31			$	$
32			$	$
33	Total Other (Line 28 thru 32)		$ 9,655	$ 9,655

Note: not all Schedule A budget items are listed on Schedule B

APPLICANT SUMMARY: Asian Pacific Islander Economic Development Services
Request for Proposals FY 01-02

Applicant	Brief Description (as submitted on proposal by applicant)	Amount Requested	Amount Recommended
ASIAN, Inc.	Our program will promote economic development primarily, although not limited to within the Asian Pacifie Islander small business community by helping them to access capital for their business expansion or business start up through our loan packaging and technical assistance.	$260,000	$0
Chinatown Economic Development Group	The proposed program will achieve the following objectives: provide technical assistance in loan applications to 300-500 small businesses; provide analysis on targeted areas' rent market; explore tax assessment district for street cleaning; ensure that health plans are provided for workers within small businesses in Chinatown, Richmond, Sunset, Mission, Outer Mission, Cow Palace and Bayview Hunters Point; establish rating for restaurants in order to encourage restaurant owners to operate in a more competitive environment, and eventually help them promote their businesses; develop an annual program to stimulate economic activities in Asian Pacific Islander communities throughout San Francisco.	$260,000	$0
Mission Economie Development Association	The Mission Economic Development Association proposes to build upon its Existing Business Technical Assistance service expertise to provide small business technical assistance and loan packaging services to San Francisco's low-income Asian Pacific Islander communities. It will do so by hiring a Business Consultant with the language capacity to serve the Asian Pacific Islander community citywide. He/She will do so through the following activities: A) provide micro-enterprise technical assistance to Asian Pacific Islander small businesses to assist them with their start or expansion; B) link the businesses assisted through our micro-enterprise technical assistance to create employment opportunities for low-income Asian Pacific Islander residents; C) outreach to the Asian Pacific Islander community to allow them to participate in broader neighborhood revitalization projects that will take a more comprehensive approach to stimulating business and job growth.	$82,000	$0

Source: Mayor's Office of Community Development

Mayor's Office of CommunityDevelopment

APPLICANT SUMMARY: Asian Pacific Islander Economic Development Services Request for Proposals FY 01-02

Northeast Community Federal Credit Union/Southeast Asian Community Center	SEACC and NECFCU will collaborate to provide business assistance services to Asian-owned small businesses in San Francisco with a focus on Chinese, Filipino, Korean, and Japanese small businesses. Services will include: loan packaging, marketing assistance, business plan development services, financial sourcing, limited accounting assistance, licensing assistance, and general business advice. SEACC will focus on the Filipino, Korean, and Japanese communities while NECFCU will focus on the Chinese community. SEACC and NECFCU will work with participating agencies that have agreed to provide referrals and/or services to reach Asian small business owners in their communities. Where feasible, staff will be outplaced to these agencies to enhance client accessibility. SEACC and NECFCU will provide periodic staff training to selected Asian non-profit services agencies that are not currently providing business assistance services but have recognized a need for these services in their respective communities. As collaborators, SEACC and NECFCU will work together to achieve program goals. SEACC and NECFCU will report MOCD program goals jointly, but wish to report and account for MOCD program expenses under separate contracts.	$260,000	$260,000
San Francisco Mission Chinese Business Improvement Association	The proposed program will provide technical assistance to new and existing businesses with bilingual workshops and seminars. Credit counseling, marketing research and advertising strategies, financial projections/analysis, obtaining business loans will be given on a one-to-one basis. Help will be given to small businesses to ensure their taxes and loan payments are current. The emphasis will be on strengthening businesses to ensure that employment opportunities are created for low-income people.	$80,000	$0
South of Market Foundation	The South of Market Foundation will form a joint venture with Renaissance Entrepreneurship Center to market and deliver educational, loan packaging and technical services to San Francisco's API community. The joint venture will be governed by an advisory board comprised of members of the City's API community, including business people, academics and nonprofit executives. AsianWeek magazine will	$254,140	$0

	provide outreach and marketing services to the joint venture but will not receive any funds for it. The total duration of the venture would be two to three years. Afterwards, an independent API economic development corporation will be spun off from the SoMa Foundation with the advisory board serving as the new organization's board of directors.		
Women's Initiative for Self-Employment	Women's Initiative seeks funding to increase its capacity to serve San Francisco's Asian Pacific Islander community. WI will increase its outreach efforts to the English-speaking API community in order to increase the number of API clients served from 6% to 10% of WI's San Francisco client base. WI will also begin feasibility work to determine the receptivity of the API community to WI and its entrepreneurial training services.	$20,000	$0
Soul'd Out Productions – PROPOSAL DISQUALIFIED	Soul'd Out Productions submitted a proposal for a youth/children's program. They were disqualified due to the inappropriateness of the proposed services and were notified during the review process.	$260,000	$0

Item 2 and 3 – Files 01-1678 and 01-1679

Department:	Ethics Commission
Items:	File 01-1678 Ordinance reappropriating $38,346 of General Fund "Proposition O" funding for one new position to perform investigations by the Ethics Commission for FY 2001-2002. File 01-1679 Ordinance amending Ordinance No. 171-01 (Annual Salary Ordinance FY 2001-2002), reflecting the creation of one new position at the Ethics Commission.
Amount:	$38,346
Source of Funds:	Ethics Commission FY 2001-2002 budget
Description:	In November of 2000, the voters of San Francisco approved Proposition O, an initiative ordinance, which requires the Ethics Commission to implement a public matching funds program for candidates for the Board of Supervisors. Under Proposition O, candidates for the Board of Supervisors who raise at least $7,500 in private contributions and accept voluntary spending limits of $75,000 in the general election and $20,000 in the run off election, would be eligible to receive public matching campaign funds. Proposition O limits the annual cost of the new ordinance to $2 per resident or a maximum of $1,600,000 per year. According to Ms. Ginny Vida of the Ethics Commission, the Ethics Commission did not request funding in FY 2001-2002 for the Elections Campaign Fund to provide public matching campaign funds for Board of Supervisors candidates because no Board of Supervisor elections were scheduled in FY 2001-2002. For the FY 2001-2002 budget, the Board of Supervisors added $100,000 in General Fund Annual Project funds to pay for the Ethics Commission's administrative costs to implement Proposition O. Approval of the proposed ordinances would reappropriate $38,346 of the $100,000 General Fund Annual Project funds to fund a new 0.67 FTE 1820 Junior Administrative

Analyst position, for the period from November 1, 2001 through June 30, 2002, instead of using such funds for the administrative costs to implement Proposition O.

Budget: The budget for the proposed position is as follows:

0.67 FTE Junior Administrative Analyst ($45,785 annually at salary step 4)	$30,677
Fringe benefits	7,669
	$38,346

Comments:

1. According to Ms. Vida, the number of formal complaints received by the Ethics Commission regarding elections has increased in calendar years 2000 and 2001. As noted in the attached memorandum (Attachment I), the Ethics Commission received 17 formal complaints in calendar year 1999 and 34 formal complaints in calendar year 2000. In the first nine months of calendar year 2001, the Ethics Commission has received 11 complaints, which is less than the average number of formal complaints received in calendar year 1999. Ms. Vida states that the Ethics Commission has had a continuing backlog of 19 to 20 complaints over the past eleven months. Currently, the Ethics Commission has one Senior Administrative Analyst position to investigate and act on formal complaints. According to Ms. Vida, the Senior Administrative Analyst spends approximately 70 to 80 percent of her time conducting complaint investigations. The Ethics Commission is now requesting a reappropriation of $38,346 of the $100,000 Proposition O allocation to fund one limited tenure 1820 Junior Administrative Analyst position from November 1, 2001 through June 30, 2002, to assist in the investigation of complaints filed under the Ethics Commission. The requested Junior Administrative Analyst position would interview complainants, witnesses and respondents, and research applicable laws and statutes related to the complaint to determine if a violation exists. As previously noted, Ms. Vida advises that the requested Junior Management Assistant position would not be performing duties related to the implementation of Proposition O.

2. The Budget Analyst notes that if the Board of Supervisors approves the reappropriation of $38,346, the

Ethics Commission would have $61,654 in remaining funds for the administrative costs to implement Proposition O. Attachment II, provided by Ms. Vida, contains the proposed budget for the administrative costs to implement Proposition O. The Ethics Commission proposes to hire a Proposition O Administrator and a Campaign Finance Auditor in March of 2002, and will submit an Annual Salary Ordinance (ASO) amendment, to approve the two new positions, to the Board of Supervisors. The Ethics Commission currently has a 0.80 FTE Proposition O Clerk, which is funded partially by Temporary Salaries, as noted in Attachment II. Ms. Vida states that reappropriating $38,346 of the $100,000 Proposition O allocation would not delay the implementation of Proposition O.

3. According to Ms. Vida, between November 1, 2001 and June 30, 2002, the Ethics Commission plans to develop a public financing audit manual, draft a public financing manual for candidates, and prepare the application and related forms for the public financing program. Ms. Vida states that the Ethic Commission also plans to develop and conduct workshops for candidates and campaign treasurers, train auditors from the Controller's Office in Proposition O auditing procedures, and review applications from candidates for public funds. The time frame for conducting these tasks is outlined in Attachment I. As stated by Ms. Vida in Attachment I, if existing staff spend approximately 465 hours on the above tasks, the Commission believes that the Proposition O processes will be in place when the two new staff members are brought on board in March. However, Ms. Vida advises that "staff will probably not conduct as many training workshops or send out as many notices as would be ideal". As stated by Ms. Vida in Attachment I, "Applying the entire $100,000 to Proposition O purposes will assure development of procedures to implement the new law; however, such application will seriously jeopardize the ability of the Commission to handle its complaint load".

4. File 01-1679 would amend the Annual Salary Ordinance to create one new limited-tenure 1820 Junior Administrative Analyst position. Ms. Vida states that the

Junior Administrative Analyst position would be terminated, effective June 30, 2002.

5. According to Ms. Vida, the Ethics Commission will fill the proposed new position on November 26, 2001, if these proposed ordinances are approved. Based on the remaining pay periods between November 26, 2001 and June 30, 2002, the salary requirement for the new 1820 Junior Administrative Analyst position will be $27,958 and related fringe benefits will be $6,989, for a total cost of $34,947 in FY 2001-2001. Therefore the proposed reappropriation can be reduced by $3,399, from $38,346 to $34,947.

Recommendations:

1. Amend File 01-0678 to reduce the proposed reappropriation by $3,399, from $38,346 to $34,947 ($27,958 for salaries and $6,989 for related fringe benefits).

2. Approval of File 01-0678 as amended and File 01-0679 are policy matters for the Board of Supervisors.

ETHICS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Date: October 18, 2001

To: Severin Campbell
Budget Analyst's Office
Fax: 252-0461

From: Ginny Vida G.V.
Executive Director
Tel: 581-2301

Re: Request for Partial Allocation of $100,000 Add-back to Support a Temporary Assistant Legal Analyst Position

This memorandum responds to your request for information regarding the Ethics Commission's request to allocate a portion ($38.346) of the $100,000 add-back to hire a temporary assistant legal analyst to assist with its investigations. We would like to start someone in this position on November 1, 2001, for an FTE of .67 (for the remainder of the current fiscal year). This would allow the Commission to hire a .32 FTE Prop O Administrator and a .31 FTE Prop O Auditor in March. (See proposed budget attached.)

1. The number of complaints processed by the Ethics Commission

It is difficult to provide a meaningful average of the number of complaints that the Ethics Commission receives and processes each year. In general, the Commission receives significantly more complaints during years in which there are heavily contested elections. For example, in 2000, when all the seats for the Board of Supervisors were up in district elections, the Commission received 34 formal complaints; in the prior year, it received 17 formal complaints. The Commission has received 11 formal complaints thus far in 2001. (These numbers do not include the dozens of other informal complaints that the Commission directs to other appropriate enforcement agencies.)

The complaints handled by the Ethics Commission are varied and complex, ranging from allegations of fraud to misuse of City resources, lobbying and financial conflicts of interest. To process a complaint, staff must identify issues, research and learn the applicable law, conduct the investigation, and pursue enforcement action. The easiest complaints, those that are found to be without merit and can be dismissed, are processed in two to three months. The more complex cases that appear to have merit

30 Van Ness Avenue, Suite 3900 • San Francisco, CA 94102-6027 • Phone (415) 581-2300 • Fax (415) 581-2317
E-Mail Address: ethics_commission@ci.sf.ca.us Web site: http://www.ci.sf.ca.us/ethics/

and require enforcement action (settlement, formal investigation, public hearing) can take more than a year to process.

During the budget review process for FY 01-02, the Ethics Commission articulated its need for, and sought funds to hire, an additional investigator for this fiscal year. Devoting a portion of the $100,000 to hiring a legal analyst to assist with investigations is critical to the Commission's ability to handle its caseload. Until the November 2000 election, the Commission was averaging a caseload of 5-6 complaints. Because 34 complaints were filed last year—20 of which were election-related—the Commission has had a continuing backlog of 19 to 20 complaints over the past several months. In the last fiscal year we were able to hire a temporary assistant legal analyst for a period of five months to help with investigations. But funding for that position ended in June.

For more than two years, the Commission's single investigator has been able to spend only 70 to 80 percent of her time conducting investigations. She devotes the remaining 20 to 30 percent of her time administering the Lobbyist Ordinance and responding to requests for information about ethics laws.[1]

Given the complexity of the complaints and the other limits on their time, Commission investigators (past and present) have been able to process only 10 to 15 complaints per year. Unless the Commission receives help, it will not be able to reduce the backlog of 20 existing complaints or process the new complaints that will surely be generated during the remainder of this fiscal year. Some of the complaints are more than two years old. Those currently pending also include several which have progressed to an advanced enforcement stage. As noted above, these more substantive complaints take more time to resolve.

2. Implementation of Proposition O

The specific tasks that must be undertaken to implement Proposition O in the current fiscal year include developing a public financing audit manual (November 2001–March 2002), drafting a public financing manual for candidates (Nov.-April), and preparing the application and related forms for the public financing program (Nov.-April). Because the Commission must approve the forms and manuals, staff must prepare briefing memoranda regarding the forms and manuals. (Should Proposition E on the November 2000 ballot be approved, a new Commission will be installed in February 2002. In that case, additional staff time will be required to educate new Commission members about Prop O and the Commission's other mandates.)

Other specific tasks that must be undertaken to implement Proposition O include developing workshop presentations for candidates (Nov.-March); conducting training workshops for candidates and treasurers (April); recruiting, hiring, and training the Proposition O Administrator and Public Financing Auditor (Jan.-April); training auditors from the Controller's Office in Proposition O auditing procedures (April-May); and reviewing applications from candidates for public funds (June).

[1] Recently, the investigator has also devoted a significant amount of time to working with DTIS to implement the Commission's electronic filing program for lobbyists and campaign consultants.

The Commission once estimated that it would require the equivalent of 5.55 FTE staff persons to perform these tasks. Because of budgetary constraints, existing staff has had to absorb extra duties to prepare for implementation of Proposition O. Should a temporary assistant legal analyst be hired with a portion of the $100,000 add-back to help with investigations, implementation of Proposition O would not be set back.

Until new staff is hired, existing staff will continue to do all they can to implement the new law. Utilizing existing staff to perform some of the Proposition O functions is efficient as well as inevitable. Existing staff possess expertise in campaign finance procedures that is fundamental to developing the procedures necessary to implement Proposition O. The Commission estimates that while it would take a new staff person six months to learn campaign finance law, draft the public financing manual, prepare the forms, and develop the workshop presentations on public financing under Proposition O, it would take existing staff approximately half that time. Assuming that existing staff can devote 465 hours to these tasks in the upcoming months, the Commission believes that the Proposition O processes will be in place when new staff members are brought on board in March.

Nonetheless, given the Commission's overall staffing limitations, staff will probably not conduct as many training workshops, or send out as many notices, or provide as much one-on-one advice for the candidates and committees, as would be ideal. Likewise, in order to effectuate public financing, other matters will be pushed aside. For instance, staff will not be able to conduct an analysis of the November/December 2000 supervisorial election in order to prepare for the public finance program associated with the November 2002 election. The Commission's auditor will be conducting fewer regular audits of campaign committees in order to prepare the public financing audit manual and train the Controller's audit staff in the special procedures of auditing campaign committees to test for compliance with the California Political Reform Act as well as the San Francisco Campaign Finance Reform Ordinance. Other policy initiatives adopted by the Commission, such as developing new governmental ethics legislation and promulgating rules on incompatible activities for City officers and departmental employees, will also likely be deferred.

Applying the entire $100,000 to Proposition O purposes will assure development of procedures to implement the new law; however such application will seriously jeopardize the ability of the Commission to handle its complaint load. It is not clear either that such application will enable existing staff to carry out investigations or pursue the Commission's other mandates any more expeditiously.

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Timeline for Implementation of Proposition O
Fiscal Year 2001-2002

November 2001 – March 2002	develop public financing audit manual
November 2001 – April 2002	draft public financing manual for candidates
November 2001 – April 2002	draft application and related forms for public financing program
November 2001 – March 2002	develop workshop presentations for candidates
January 2002 – April 2002	recruit, hire, and train Proposition O Administrator and Public Financing Auditor
April 2002	conduct training workshops for candidates and treasurers
April – May 2002	train auditors from Controller's Office
June 2002	review applications for public financing from candidates
August 2002	begin awarding public financing grants to candidates

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Attachment II

Ethics Commission
Proposed Revised Budget for $100,000 Add-Back

Salaries

Title	Class/Step	Biweekly Salary	Annual Salary	FTE	Adjusted Salary	Benefits	Total
Prop O Administrator	1842, Step 3	$2,028	$52,728	0.32	$16,873	$4,218	$21,091
Prop O Clerk*	1426, Step 2	$1,558	$40,508	0.21	$8,507	$2,127	$10,633
Campaign-Finance Trained Auditor	1652, Step 3	$1,951	$50,726	0.31	$15,725	$3,931	$19,656
Assistant Legal Analyst **	1820, Step 4	$1,761	$45,786	0.67	$30,677	$7,669	$38,346
Salaries Subtotal							$89,727
Equipment, Materials and Supplies							$10,273
Grand Totals							**$100,000**

*The Prop O Clerk is being filled as a 0.80 FTE position. The $30,000 in temporary salaries included in the Commission's baseline 2002 budget will fund 0.59 FTE of this position, leaving the remaining 0.21 FTE to be funded by a portion of the $100,000 add-back from the Board of Supervisors. The 0.80 FTE (including benefits at 25 percent) costs $40,508, $125 less than the sum of the $30,000 plus the $10,633 calculated in the chart above.

** This position is the subject of the proposed ordinances.

Item 5 – File 01-1743

Note: This report is based on an Amendment of the Whole, which will be introduced at the October 24, 2001 Finance Committee Meeting by the Office of the Sponsor.

Department: Department of Human Resources

Item: Ordinance amending the 2001-2002 Annual Salary Ordinance to entitle City officers or employees called to active duty with a military reserve organization in response to the September 11, 2001 terrorist attacks, to receive from the City the difference between the amount of the individual's military pay and the amount the individual would have received as a City officer or employee had the individual worked his or her normal work schedule.

Description: According to Mr. Philip Ginsburg of the City Attorney's Office, in accordance with the City Charter and in addition to benefits provided under the California Military and Veterans Code[1] and the City's Civil Service Rules, the proposed ordinance amending the FY 2001-2002 Annual Salary Ordinance would:

- Provide supplementation of gross military pay for any City officer or employee who is a member of the reserve corps of the United States Armed Forces, National Guard or other uniformed service organization of the United States and is called into active military service in response to the September 11, 2001 terrorist attacks in New York City, Washington D.C. and Pennsylvania or related extraordinary circumstances.
- Provide such supplementation of gross military pay for a period not to exceed the duration of this proposed ordinance which shall be for 180 calendar days.

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[1] Charter Section A8.400 (h) enables the Mayor to introduce to the Board of Supervisors for its approval an ordinance which entitles City officers and employees, who are called to active duty with a U.S. military reserve organization, to receive supplementation of his or her military pay for a period not to exceed 180 calendar days, according to Mr. Ginsburg. Subject to varying eligibility criteria, Sections 395.01 and 395.02 of the California Military and Veterans Code and Civil Service Rule 120.25.7 state that public employees on military leave are entitled to receive his or her salary or compensation as a public employee for the first 30 calendar days of any such absence. In accordance with the City's Charter, this ordinance would trigger on the 31st day of active service and after the effective date of the ordinance.

- Establish eligibility guidelines and limitations for supplementation of gross military pay.
- Call for an agreement to be executed between the City and a given reservist which would consider such supplementation of gross military pay a loan if a given reservist does not return to work for the City within 60 days of release from the employee's active duty or if that individual is not fit for employment at the time he or she is released from active duty, within 60 days of a determination that he or she is deemed fit to return to City employment. The loan would be payable to the City with interest in equal monthly installments not to exceed five years, commencing 90 days after an individual's release from duty or return to fitness for City employment.

All conditions and limitations summarized above and explained further below are required by Charter Section A8.400 (h) except that under this proposed ordinance, the purpose of the call to active duty must be in response to the September 11, 2001 terrorist attacks.

Comments: <u>Conditions and Limitations of the Proposed Ordinance</u>

1. To be eligible for supplementation of gross military pay, the employee must meet the following conditions: (1) the employee must be called to active service for a period of more than 30 consecutive days; and (2) the purpose of the call to active duty must be in response to the September 11, 2001 terrorist attacks in New York City, Washington D.C. and Pennsylvania or related extraordinary circumstances.

2. Under the proposed ordinance, any individual receiving the proposed supplementation of gross military pay would be required to execute an agreement with the City that stipulates that if he or she does not return to work with the City within 60 days of being released from duty or duty or if that individual is not fit for employment at the time he or she is released from active duty, within 60 days of a determination that he or she is deemed fit for City employment, that such supplemental pay would be considered a loan, payable with interest to the City. The interest rate on the loan would be at a rate equal to the

greater of (i) the rate of interest received for the concurrent period by the Treasurer's Cash Account[2]; or (ii) the minimum amount necessary to avoid imputed income under the Internal Revenue Service Code of 1986, as amended from time to time or any successor statute. Ms. Pamela Levin from the Controller's Office advises that any monies from the repayment of such loans would return to the fund from which it was originally paid. For example, if the supplemental pay came from the General Fund, the monies from the loan would be returned to the General Fund, according to Ms. Levin. As noted above, the loan would be payable to the City in equal monthly installments over a period not to exceed five years, beginning 90 days after an individual is released from duty or duty or if that individual is not fit for employment at the time he or she is released from active duty, within 90 days of a determination that he or she is deemed fit to return to City employment.

3. The proposed ordinance would provide such supplementation of gross military pay for a period not to exceed 180 days or six months, from the effective date of the proposed ordinance. During the 180 day period, the amount of gross supplemental salary paid to individual employees called into active service would be offset by gross military pay received in order that there be no double payment of gross salary to a City officer or employee.

Compensation under the proposed ordinance

4. For the period not to exceed 180 calendar days from the effective date of the proposed ordinance, an individual active reservist would receive: (a) the difference in pay between the individual's gross military pay and the individual's gross pay as a City Officer or employee had the individual worked his or her normal schedule; (b) all benefits to which the individual would have been entitled to had he or she not been called to active duty except as limited by State law or the City's Charter. Such benefits would include, for example, sick leave, vacation time, annual step increases and general wage increases, health benefits, retirement service credit and

[2] According to Mr. Tom Carrick of the Treasurer and Tax Collector's Office, the Treasurer's Pooled Cash Account consists of non-dedicated investment funds, which will be spent within approximately six months of such investment. Mr. Carrick advises that interest earned on the Treasurer's Pooled Cash Account for September of 2001 is 5.133 percent.

employer-paid mandatory employee retirement contributions. Under the City Charter and State law, employees would not be eligible for service-related death benefits, service-related disability retirements or workers compensation benefits while on paid military leave.

Costs

5. The Attachment, provided by the Controller's Office, states that the proposed ordinance is expected to impact approximately 25 individuals. The Controller reports that the proposed ordinance would result "in minor costs to the City" since the affected individuals are already on the City's payroll. Additionally, the Controller states in the Attachment that there may be a cost to backfill some positions on overtime, but that this cost would be offset by the savings from not paying the full salary of the reservists. According to the Controller, to the extent that the positions are not backfilled, there may be a loss in productivity that cannot be estimated at this time.

6. Mr. Ginsburg states that the need to backfill a position would be determined on a case-by-case basis, depending on whether or not the reservist's Department has minimum staffing requirements, such as minimum staffing requirements for the Fire Department.

7. According to Mr. Ginsburg, it is not certain how many City employees and officers are reservists or which City employees and officers would be called into active duty. Also, it is unclear what the military pay would be for the reservists who are called into active duty.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Attachment

CITY AND COUNTY OF SAN FRANCISCO OFFICE OF THE CONTROLLER

Edward Harrington
Controller

Matthew H. Hymel
Chief Assistant Controller

October 15, 2001

Ms. Gloria L. Young, Clerk of the Board
Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: File Number 011743
Ordinance Amending the 2001-2002 Annual Salary Ordinance to Entitle City Officers or Employees Called to Active Duty with a Military Reserve Organization to Receive From the City the Difference Between the Amount of the Individual's Military Pay and the Amount the Individual Would Have Received as a City Officer or Employee Had the Individual Worked His or Her Normal Work Schedule

Dear Ms. Young:

In accordance with Ordinance 92-94, I am submitting a cost analysis of an ordinance amending the 2001-2002 Annual Salary Ordinance to provide for compensation for employees called to active military duty in response to the September 11th, 2001 terrorist attacks.

The amendment is effective upon approval for a period of 180 calendar days. It provides for compensation for the difference between the military pay and the regular salary for any city officer or employee who is a member of the reserve corps of the United State Armed Forces, National Guard or other uniformed service organization of the United States who is called into active military service in response to the September 11th terrorist attacks. According to the Human Resources Department, the amendment is expected to impact approximately 25 individuals.

Based on our analysis, the amendment will result in minor costs to the City since the affected individuals are already on the payroll. There may be a cost to backfill the reservists on overtime; however, this cost is expected to be offset by the savings from not paying the full salary of the reservists. In addition, to the extent the positions are not backfilled, there may be a loss in productivity that can not be estimated at this time.

If you have additional questions or concerns please contact me at 554-7500 or Pamela Levin of my staff at 554-7554.

Sincerely,

Edward M. Harrington
Controller

cc: Alice Villagomez, ERD
Harvey Rose, Budget Analyst

-554-7500 City Hall • 1 Dr. Carlton B. Goodlett Place • Room 316 • San Francisco CA 94102-4694 FAX 415-554-746

Item 6 - File 01-1709

Department: Civil Service Commission
Department of Human Resources

Item: Resolution fixing the highest general prevailing rate of wages, including wages for overtime and holiday work for various crafts and kinds of labor as paid for similar work in private employment in the City and County of San Francisco at the rates certified by the Civil Service Commission on September 17, 2001 (Civil Service Commission File No. 0693-01-3) and establish these rates as the wages which private employers are required to pay various workers performing labor under City constracts.

Description: Charter Section 7.204 requires that City contracts for public works or improvements involving construction or fabrication provide for the payment of the highest prevailing wage rates[1] to all persons performing labor under such contracts. Section 6.22 of the City's Administrative Code requires that the Board of Supervisors at least once during each calendar year, fix and determine these highest general prevailing rate of wages paid in private employment in accordance with the Charter Section 7.204, including rates of wages for overtime and holiday work. The proposed resolution would establish these highest prevailing rates of wages which private employers are required to pay various workers performing labor under such City contracts.

In accordance with Section 6.22 of the City's Administrative Code, to assist the Board of Supervisors in determining these wage rates, the Civil Service Commission is required to furnish to the Board of Supervisors, on or before the first Monday of November of each year, data as to the highest general prevailing rates of wages as paid by private employers in various craft and other workers in San Francisco. Section 6.22 states that the Board of Supervisors is not limited to the data submitted by the Civil Service Commission in determining the prevailing wage rates, but may consider

[1] Prevailing rate of wage is the rate of compensation being paid to a majority of workers engaged in specified category of craft or labor.

other information on the subject as the Board deems proper.

In March of 1989, the Board of Supervisors amended the City's Administrative Code to include the operation of off-street-parking lots or garages under the term "public work or improvements" as defined by Section 6.33 in order to provide prevailing wages to private Garage Attendants in City-owned garages. In addition in May of 1999, the Board of Supervisors further amended the City's Administrative Code to require that persons performing janitorial services under contract to the City be paid not less than the general prevailing wages in private employment doing similar work.

The Civil Service Commission has provided the Board of Supervisors with the following data for determining the highest general prevailing rate of wages: (a) the General Prevailing Wage Determination Survey conducted by the Director of Industrial Relations of the State of California for all craft workers, except Garage Attendants and Janitorial Service Workers (b) the existing agreement, in effect through November 30, 2003, between Parking Employers and Teamsters Automotive Employees, Local 665 for Garage Attendants and (c) the existing agreement effective August 1, 1999 through July 31, 2003, between San Francisco Maintenance contractors Association and the Service Employees International Union (SEIU), Building Service Employees Local 87 for Janitors and Custodians.

Comments:

1. A copy of the data submitted to the Board of Supervisors by the Civil Service Commission on September 24, 2001, as to the highest general prevailing rate of wages paid by private employers to various craft workers in San Francisco is on file with the Clerk of the Board of Supervisors. According to the current three-year agreement between Teamster Automotive and Allied Workers Local 665 and various private employers for the period from December 1, 2000 through November 30, 2003, the highest hourly rate for Garage Attendants was $15.50 as of December 1, 2000. According to the tentative three-year agreement for the period August 1, 1999 through August 1, 2002, the highest hourly rate for

Janitors and custodians is $14.85 per hour as of August 1, 2000.

2. As discussed above, the Civil Service Commission is required to furnish data to the Board of Supervisors as to the highest general prevailing rate of wages as paid by private employers to various craft and other workers in San Francisco, as identified in the Attachment. This data is to be forwarded to the Board of Supervisors on or before the first Monday in November of each year, or by November 1, 2001 of this past year.

3. In response to the Budget Analyst's request for fiscal impact data of the proposed legislation, Ms. Villagomez the Department of Human Resources has not conducted a specific fiscal analysis of fixing the highest general prevailing rate of wages for craft workers, Garage Attendants and Janitors.

4. Ms. Pamela Levin of the Controller's Office reports that the Controller's Office cannot estimate the fiscal impact of the proposed resolution because their Office would need to do further research and analysis of contracts to determine such impacts.

Recommendation: Given that the Department of Human Resources and the Controller's Office are not able to provide the fiscal impact of the proposed legislation, approval of the proposed resolution is a policy matter for the Board of Supervisors.

Workers Covered by the Prevailing Wage Legislation

Asbestos Removal Worker (Laborer)
Asbestos Worker, Heat and Frost Insulator
Boilermaker-Blacksmith
Brick Tender
Bricklayer, Blocklayer
Carpenter
Carpet, Linoleum
Cement Mason
Dredger (Operating Engineer)
Drywall Installer (Carpenter)
Electrical Utility Lineman
Electrician
Elevator Constructor
Field Surveyor
Glazier
Iron Worker
Janitors
Laborer
Landscape Maintenance Laborer
Light Fixture Maintenance
Marble Finisher
Marble Setter
Operating Engineer
Operating Engineer (Building Construction)
Operating Engineer (Heavy and Highway Work)
Operating Engineer (Landscape Construction)
Painter
Parking and Highway Improvement Painter (Painter)
Parking Garage Attendants
Pile Driver (Carpenter)
Pile Driver (Operating Engineer - Building Construction)
Pile Driver (Operating Engineer - Heavy and Highway Work)
Plaster Tender
Plasterer
Plumber
Roofer
Sheet Metal Worker (HVAC)
Slurry Seal Worker
Stator Rewinder
Steel Erector and Fabtricator (Operating Engineer - Heavy & Highway Work)
Steel, Tank and Machinery Erection (Operating Engineer - Building Consturction)
Steel, Tank and Machinery Erection (Operating Engineer - Heavy and Highway Work)
Teamster
Telecommunications Technician
Telephone Installation Worker
Terrazzo Worker
Tile Finisher
Tile Setter
Traffic Control/Lane Closure (Laborer)
Tree Trimmer (line clearance)
Tunnel Worker (Laborer)
Tunnel/Underground (Operating Engineer)
Water Well Driller

Item 7 - File 01-1775

Department: Public Utilities Commission (PUC)

Item: Resolution approving contract amendments to water supply contracts between the PUC and the Cities of East Palo Alto and Menlo Park.

Description: The proposed resolution would approve amendments to an existing contract to supply water to the Cities of East Palo Alto and Menlo Park. The PUC entered into 25-year wholesale water sale agreements with the East Palo Alto County Waterworks District on August 8, 1984 and with the City of Menlo Park on May 15, 1984. On May 6, 2001 the San Mateo County Local Agency Formation Commission adopted Resolution 64287 approving the dissolution of the East Palo Alto County Waterworks District. The City of East Palo Alto has assumed the rights and obligations of the East Palo Alto Waterworks District under the August 8, 1984 contract with the PUC. The City of East Palo Alto now requests that the PUC formally transfer the water sale assignment through the subject contract amendment.

In addition, the Cities of East Palo Alto and Menlo Park wish to alter their respective water service area boundaries. The boundary adjustment would transfer a portion of control of the former East Palo Alto Waterworks District service area lying within the corporate limits of Menlo Park to the City of Menlo Park. According to the PUC, this would not affect the amount of water that it is contracted to deliver under the Master Water Sales Contract with the Cities of East Palo Alto and Menlo Park. The Attachment to this report is a memorandum from Mr. William Laws of the PUC that summarizes the proposed contract amendments.

Comment: As noted in the attached memorandum, the contract amendments, if approved will not affect the quantity of water to be delivered or the revenue the PUC will receive from the sale of water to the two Cities. In FY 2001-2002, the PUC will receive a total of $284,412,680 in revenues from all sources. Included in this amount is $79,467,613

from the sale of water on a wholesale basis to the suburban cities customer class. According to Mr. Laws, the PUC does not estimate the anticipated revenue generated by the sale of water to the individual customers within a customer class and therefore cannot provide a revenue estimate from the Cities of East Palo Alto and Menlo Park. Mr. Laws notes that in FY 2000-2001 the PUC received $940,634 in revenue from the City of East Palo Alto and $1,514,377 in revenue from the City of Menlo Park, for a total revenue of $2,455,011 for the sale of water to the two districts.

Recommendation: Approve the proposed resolution.

Attachment

San Francisco
Public Utilities Commission
Bureau of Finance
1155 Market St., 5th Floor
San Francisco, CA 94103

MEMORANDUM

DATE: OCTOBER 16, 2001

TO: HARVEY ROSE, BUDGET ANALYST

CC: PATRICIA E. MARTEL, GENERAL MANAGER, SFPUC

KINGSLEY C. OKEREKE, DIRECTOR OF FINANCE, SFPUC

FROM: WILLIAM H. LAWS, RATE ADMINISTRATOR, SFPUC

SUBJECT: EAST PALO ALTO AND MENLO PARK AMENDMENTS

The San Francisco Public Utilities Commission through its Water Enterprise provides water service to the East Palo Alto County Water District ("District") under the terms of the 1984 Settlement Agreement and Master Water Sales Contract ("Contract") as well as an individual water supply contract specifying the area to be served, the quantity of water to be supplied, and the delivery points.

The District together with the cities of East Palo Alto and Menlo Park petitioned the San Mateo Local Agency Formation Commission ("LAFCo") to dissolve the District and apportion its assets and water service responsibilities between the two cities. LAFCo approved the petition.

Section 7.06 of the Contract allows for the succession and assignment of benefits from one suburban resale customer to another provided the area to be served is not enlarged. Section 7.07(d) of the Contract allows two or more suburban resale customers to adjust the boundaries of their respective service areas and to correspondingly adjust their shares of the supply assurance. Adjustments of service areas and shares of the supply assurance made pursuant Section 7.07(d) require only the consent of the City (through the Public Utilities Commission) and the suburban resale customers involved. The Public Utilities Commission by adoption of Resolution No. 00-0152 recognized the City of East Palo as the successor to the District and gave its consent to assignment of the District's share of the supply assurance to Menlo Park and to East Palo and to the revision of the respective service territories of the two cities. The Commission also authorized the General Manager of Utilities to execute amendments to the individual water supply contracts reflecting the aforementioned changes.

The amendments now submitted for consideration by the Board of Supervisors will not affect the quantity of water the Water Enterprise is obligated to deliver under the Master Water Sales Contract, the size of the territory to be served, or the revenues the Water Enterprise expects to derive from the sale of water.

Item 8 - File 01-1733

Department: Public Utilities Commission (PUC)
Real Estate Division

Item: Resolution authorizing the relocation of the Crystal Springs Pipeline Numbers 1 and 2 within the City of South San Francisco along Bayshore Boulevard in accordance with a Water Supply Lines Relocation Agreement and the subsequent transfer of easements.

Description: The proposed resolution would authorize the relocation of Crystal Springs Pipeline 1 and 2 within the City of South San Francisco and approve an easement exchange agreement between the PUC and the City of South San Francisco. In order to accommodate the construction of a U.S. Highway 101 ramp in South San Francisco, the PUC proposes to relocate two water pipelines along Bayshore Boulevard in South San Francisco. The Crystal Springs Pipelines (CSPL) 1 and 2 would be placed in a new 2,400-foot long and 40-foot wide easement along Bayshore Boulevard. According to Mr. Anastasio Mavroudis of the PUC, the existing pipelines are 115-years old. Pursuant to a water supply line agreement between the PUC and South San Francisco, the PUC will pay construction and "other costs" for the replacement costs of CSPL 1 and the City of South San Francisco will pay for the construction and other costs for the replacement of CSPL 2. The PUC estimates that the construction costs for the relocation of CSPL 1 is $2,750,000. In addition the PUC estimates $450,000 in "other costs" for a total project costs of $3,200,000 (see Comment 1). According to the PUC, construction project costs and other costs associated with the replacement of CSPL 1 are subject to review and approval of bid prices.

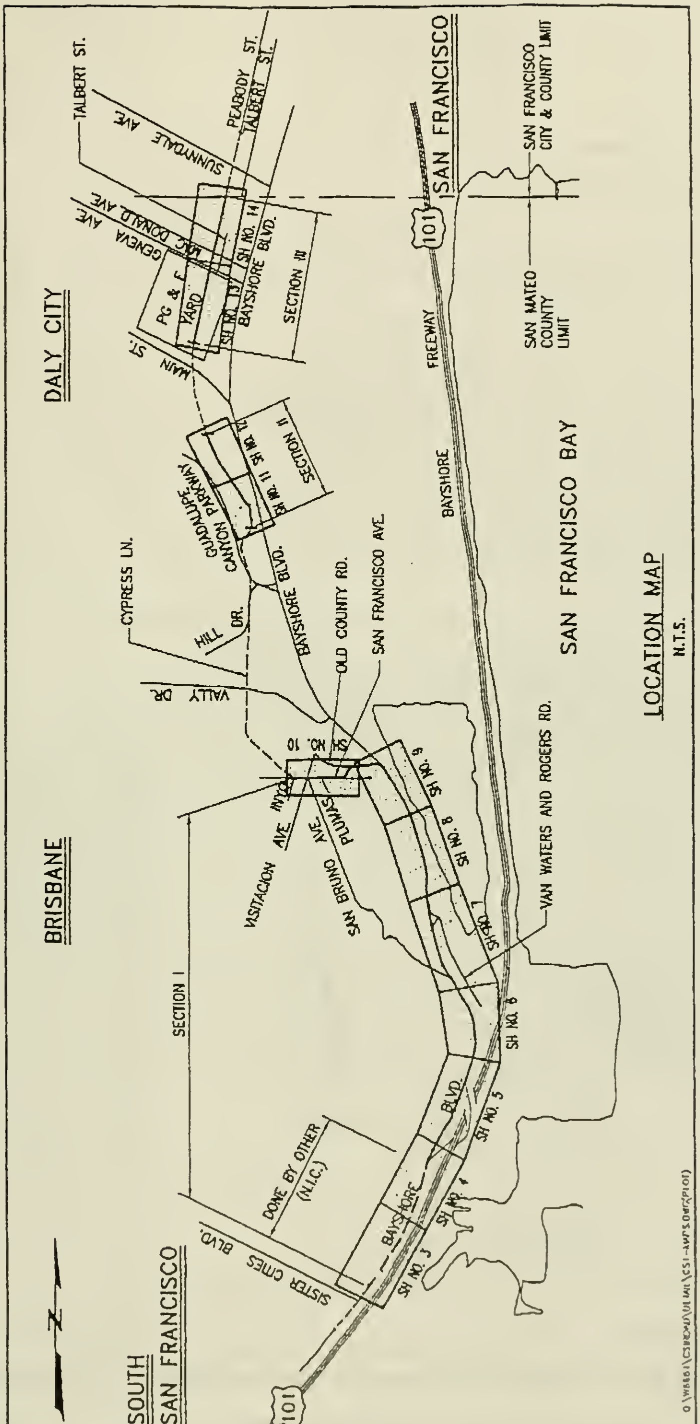
According to Mr. Mavroudis, the easement exchange was requested by the City of South San Francisco to accommodate the construction of a ramp to US Highway 101. Attachment I to this report is a map of the proposed easement exchange between the PUC and the City of South San Francisco.

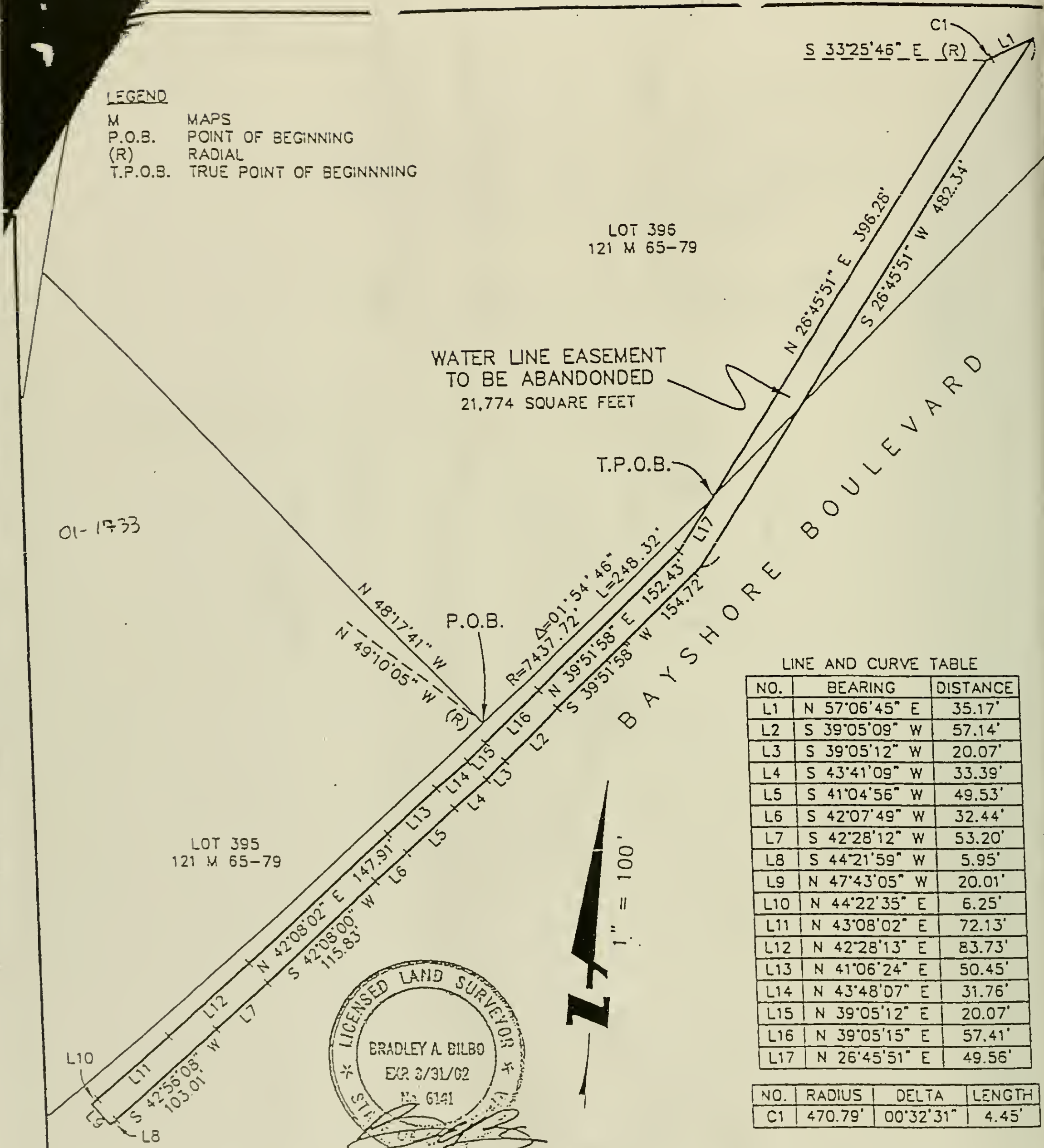
Comments:

1. As previously noted, the construction cost of relocating CSLP 1 is $3,200,000. Mr. Mavroudis, adds that the construction of costs to the City of South San Francisco to relocate CSPL 2 would be $2,634,000. Attachment II is a memorandum from the PUC which explains why construction costs to replace CSPL 1 and 2 were divided between the PUC and South San Francisco.

2. Mr. Mavroudis states that the proposed Easement Exchange Agreement does not diminish the PUC's capacity for installing future water or other utility pipelines.

Recommendation: Approve the proposed resolution.


LOCATION MAP
N.T.S.
DALY CITY
BRISBANE
SOUTH SAN FRANCISCO
SAN FRANCISCO
SAN FRANCISCO BAY
SAN FRANCISCO CITY & COUNTY LIMIT
SAN MATEO COUNTY LIMIT
TALBERT ST.
PEABODY ST.
SUNNYDALE AVE
GENEVA AVE
MAC DONALD AVE
PG & E YARD
BAYSHORE BLVD.
SECTION III
SH NO. 14
SH NO. 13
MAIN ST.
SECTION II
SH NO. 12
SH NO. 11
GUADALUPE CANYON PARKWAY
CYPRESS LN.
HILL DR.
VALLY DR.
OLD COUNTY RD.
SAN FRANCISCO AVE.
SH NO. 10
SH NO. 9
SH NO. 8
SH NO. 7
SH NO. 6
SH NO. 5
SH NO. 4
SH NO. 3
INYO
VISITACION AVE.
PLUMAS AVE.
SAN BRUNO
SECTION I
VAN WATERS AND ROGERS RD.
FREEWAY
BAYSHORE
101
DONE BY OTHER (N.I.C.)
SISTER CITIES BLVD.
N



LINE AND CURVE TABLE

NO.	BEARING	DISTANCE
L1	N 57°06'45" E	35.17'
L2	S 39°05'09" W	57.14'
L3	S 39°05'12" W	20.07'
L4	S 43°41'09" W	33.39'
L5	S 41°04'56" W	49.53'
L6	S 42°07'49" W	32.44'
L7	S 42°28'12" W	53.20'
L8	S 44°21'59" W	5.95'
L9	N 47°43'05" W	20.01'
L10	N 44°22'35" E	6.25'
L11	N 43°08'02" E	72.13'
L12	N 42°28'13" E	83.73'
L13	N 41°06'24" E	50.45'
L14	N 43°48'07" E	31.76'
L15	N 39°05'12" E	20.07'
L16	N 39°05'15" E	57.41'
L17	N 26°45'51" E	49.56'

NO.	RADIUS	DELTA	LENGTH
C1	470.79'	00°32'31"	4.45'

Brian Kangas Foulk
Engineers • Surveyors • Planners

540 Price Avenue
Redwood City, CA 94063
650/482-6300
650/482-6399 (FAX)

Subject WATER LINE EASEMENT ABANDONMENT - EXHIBIT "B"
Job No. 960241-17
By CCC Date 12/04/00 Chkd. BAB
SHEET 1 OF 1

SFPUC

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
UTILITIES ENGINEERING BUREAU
1155 MARKET STREET, 7TH FLOOR • SAN FRANCISCO CALIFORNIA • 94103
415.554.0716 • FAX 415.554.1877
MICHAEL E. QUAN, MANAGER

October 18, 2001

TO: Pascal St. Gerard
Budget Analyst
San Francisco Board of Supervisors

FROM: Tasso Mavroudis, P.E.
Project Manager
Utilities Engineering Bureau
San Francisco Public Utilities Commission

SUBJECT: CUW112.01 Crystal Springs Pipeline No. 1 Replacement in Brisbane:
Explanation of why is the City of South San Francisco not paying the cost of relocating both Crystal Sprinsg Pipelines (1&2) as part of their Bayshore Boulevard/Route 101 Hook Ramps project.

The following is an explanation pursuant to the subject request.

The City of South San Francisco (SSF) has developed plans to construct a Hook Ramp and Flyover on/off ramp from Highway 101 onto Bayshore Boulevard in South San Francisco. Construction of this project requires the relocation of approximately 2400 feet of both Crystal Springs Pipeline No. 1 and No. 2 (CSPL No. 1 & 2) currently located within Bayshore Boulevard. The City and County of San Francisco (CCSF) owns an easement for alignment of CSPL No.2 within the construction area, however CCSF does not own an easement for the alignment of CSPL No. 1. The Hook Ramps project will relocate both CSPL No. 1 and No. 2 into a joint easement thereby assuring permanent rights for CSPL No.1 in addition to CSPL No. 2.
The existing 44-inch diameter CSPL No.1 was built in 1885 to carry water from the Crystal Springs Reservoir to San Francisco. Age and corrosion have deteriorated CSPL No. 1 to a point where the structural integrity of the pipeline is no longer capable of withstanding the operating pressures of the system. CSPL No. 1 has been out of service for over ten years. Because CCSF does not own an easement for CSPL No. 1 and due to its condition, transfer of the costs for replacement to SSF was considered unjustified.

Please fell free to call me if you have any questions.

S.F.: (415) 554-1809
Millbrae: (650) 871-2037

Cc E. West C. Nelson

Item 9 - File 01-1737

Department: Public Utilities Commission (PUC)
Real Estate Division

Item: Resolution authorizing the execution and performance of an easement exchange agreement with the City of Brisbane relating to the replacement of the Crystal Springs Pipeline Number 1.

Description: The proposed resolution would approve an easement exchange agreement between the PUC and the City of Brisbane. The PUC would transfer all of its interest in the Crystal Springs Pipeline easement located beneath Tunnel Avenue (the Tunnel Avenue Pipeline Easement) within the City of Brisbane. In return the PUC would obtain a new pipeline easement from the City of Brisbane beneath the Brisbane Community Park (Park Easement) which the PUC would use for the construction of Crystal Springs Pipeline Number 1 (CSPL 1). The CSPL 1 is a new pipeline. The Crystal Springs Pipeline currently located beneath Tunnel Avenue is a 12-inch diameter main water pipe and is approximately 1,250 feet in length. According to the proposed easement exchange agreement, the City of Brisbane agrees to accept the pipeline "as is, with all known faults". According to Larry Jacobson of the Real Estate Division, the Park Easement to be transferred by the City of Brisbane to the City of San Francisco and the Tunnel Avenue Pipeline Easement to be transferred from the City of San Francisco to the City of Brisbane are equal in value. The Real Estate Division has appraised both the 50-foot long Park Easement and the 1,250-foot long Tunnel Avenue Pipeline Easement to be worth $23,000.

By obtaining the new Park Easement, the PUC will not have to lay an additional 257 feet of pipe through residential and commercial districts. According to the PUC, constructing CSPL 1 beneath the proposed Park Easement would result in a net savings to the PUC of $86,500.

According to Mr. Anastasio Mavroudis, of the PUC, the City of Brisbane wishes to avoid the disruption which would occur if the new CSPL 1 is constructed in the current easement area. Mr. Chris Nelson of the PUC states that the construction of CSPL 1 in the Park Easement is in fact nearly completed. Attachment I from the PUC explains the PUC's reason for commencing work on CSPL 1 prior to obtaining Board of Supervisor approval of the proposed resolution. According to Mr. Nelson, the City of Brisbane allowed the PUC to begin the project under an encroachment agreement, but a formal easement will be needed for the long term to facilitate access to the pipeline for maintenance purposes. Attachment II to this report is a map of the proposed easements to be exchanged between the City of Brisbane and the PUC.

Comments:

1. According Mr. Nelson, one of the provisions of the encroachment agreement between the PUC and the City of Brisbane is that the PUC will set aside $81,500 for the restoration of Brisbane's landscaping, lighting and walkways in the Park Easement following pipeline installation. Mr. Nelson also states that the proposed resolution authorizing the easement exchange agreement between the PUC and the City of Brisbane would result in no exchange of funds between the PUC and the City of Brisbane. Mr. Nelson states further that because of the encroachment agreement between the PUC and the City of Brisbane the total net savings to the PUC would be $86,500 ($168,000 minus $81,500).

2. Mr. Nelson also notes that the proposed Exchange Agreement does not diminish the PUC's capacity for installing future water or other utility pipelines using the Park Easement.

Recommendation: Approve the proposed resolution.

for Harvey M. Rose

cc: Supervisor Leno
Supervisor Peskin
Supervisor Gonzalez
Clerk of the Board
Controller
Ben Rosenfield

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
UTILITIES ENGINEERING BUREAU
1155 MARKET STREET, 7TH FLOOR • SAN FRANCISCO CALIFORNIA • 94103
415.554.0716 • FAX 415.554.1877
MICHAEL E. QUAN, MANAGER

October 18, 2001

TO: Pascal St. Gerard
Budget Analyst
San Francisco Board of Supervisors

FROM: Tasso Mavroudis, P.E.
Project Manager
Utilities Engineering Bureau
San Francisco Public Utilities Commission

SUBJECT: CUW112.01 Crystal Springs Pipeline No. 1 Replacement in Brisbane:
Request for explanation for initiation of the project prior to Board of Supervisor Approval

The following is an explanation pursuant to the subject request.

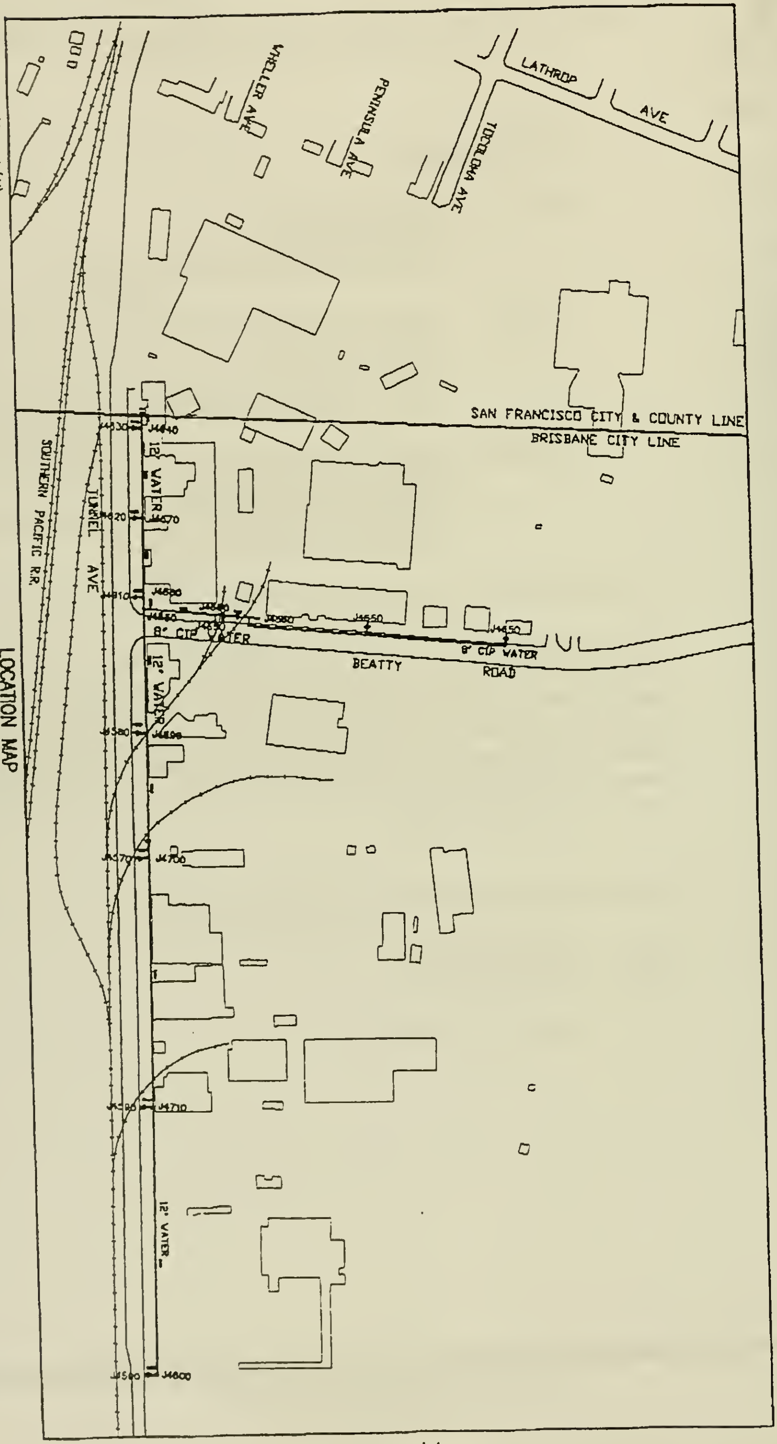
The City and County of San Francisco proceeded with construction of the replacement of Crystal Springs Pipeline No. 1 in the City of Brisbane in order to meet the asset capitalization date for the pipeline facility. Before construction began, it was estimated that the project construction schedule allowed for the negotiation and approval process to have been achieved prior to construction for installation of the pipeline through the easement area in downtown Brisbane.

Please fell free to call me if you have any questions.

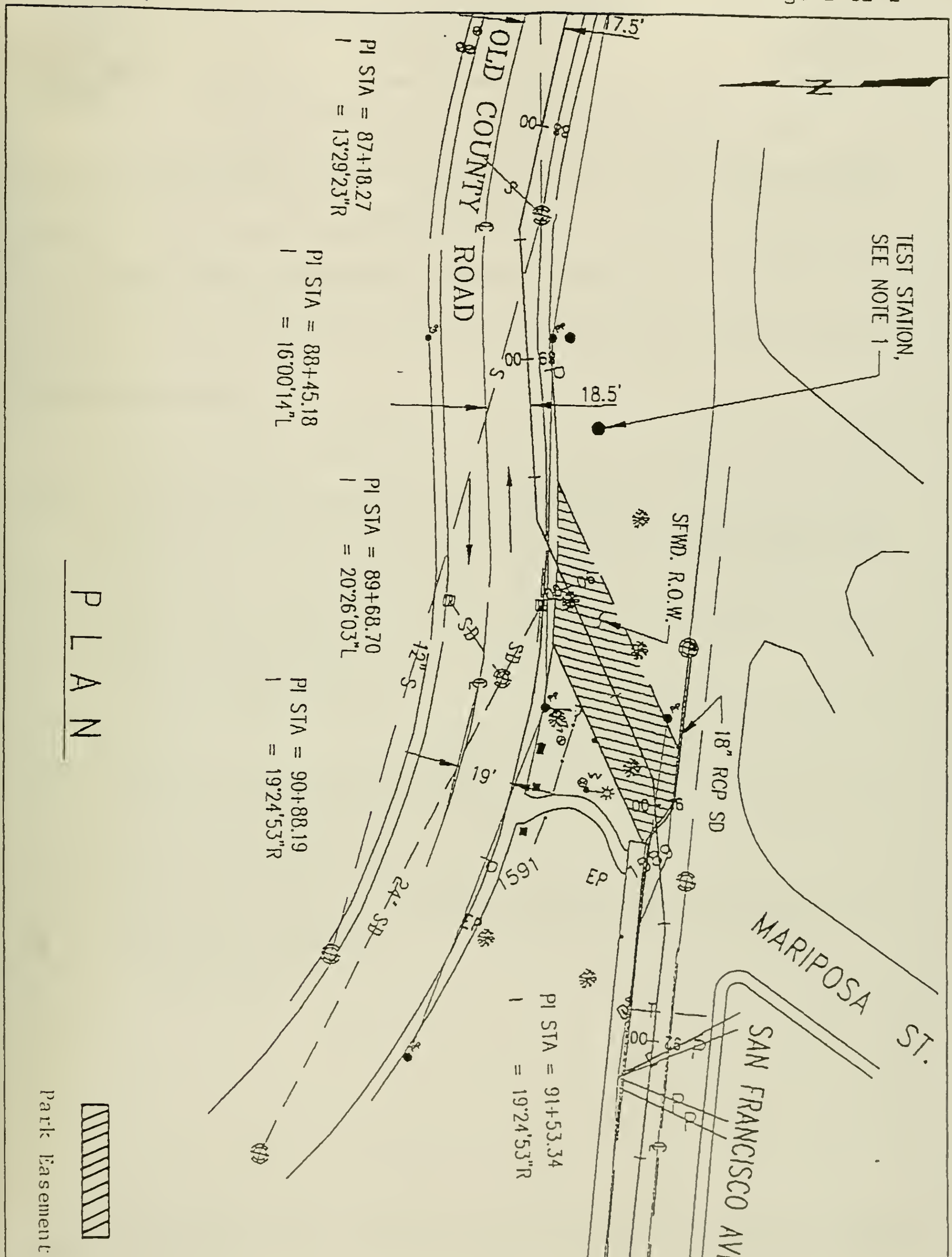
S.F.: (415) 554-1809
Millbrae: (650) 871-2037

Cc E. West C. Nelson

Tunnel Avenue
Easement



LOCATION MAP
N.T.S.



Q:\W6661\CS1ROAD\CS1ROAD4 (LAYOUT2)

City and County of San Francisco
Meeting Minutes
Finance Committee

Members: Supervisors Mark Leno, Aaron Peskin and Matt Gonzalez

Clerk: Gail Johnson

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA
94102-4689

Wednesday, October 31, 2001 | **10:00 AM** | **City Hall, Room 263**

Regular Meeting

Members Present: Mark Leno, Aaron Peskin, Matt Gonzalez.

MEETING CONVENED

The meeting convened at 10:08 a.m.

011885 **[Reserved Funds, Board of Supervisors - Office of Legislative Analyst]**

Hearing to consider release of reserved funds, Board of Supervisors - Office of Legislative Analyst (Fiscal Year 2001-02 Budget), in the total amount of $181,628 ($147,207 in salaries plus $34,421 in fringes). (Clerk of the Board)

10/17/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Gloria Young, Clerk of the Board; Clarice Duma, Senior Legislative Analyst.
Release of reserved funds in the amount of $181,628 approved.

APPROVED AND FILED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011889 **[Office of the Legislative Analyst Staff Vacancy]**

Motion to authorize the Clerk of the Board to fill a vacancy in the Office of the Legislative Analyst for the position of Senior Legislative Analyst. (Clerk of the Board)

(Supervisor Peskin dissenting in Committee)

10/17/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Gloria Young, Clerk of the Board; Clarice Duma, Senior Legislative Analyst.

RECOMMENDED by the following vote:

Ayes: 2 - Leno, Gonzalez
Noes: 1 - Peskin

011827 **[Lease with Japan Airlines Company, Ltd.]**

Resolution approving and authorizing the execution of a Lease with Japan Airlines Company, Ltd., for space in Plot 50B-1 Cargo Building. (Airport Commission)

10/9/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cathy Widener, Airport.
Amended on line 3, after "authorizing," and on line 18, after "approves," by adding "retroactive to October 26, 2001."

AMENDED.

Resolution approving and authorizing, retroactive to October 26, 2001, the execution of a Lease with Japan Airlines Company, Ltd., for space in Plot 50B-1 Cargo Building. (Airport Commission)

RECOMMENDED AS AMENDED.. by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011881 **[Contract between the Department of Public Health and Health Advocates, LLP to provide uncompensated care recovery services]**

Resolution authorizing the Director of Public Health and the Purchaser to execute a contract between the City and County of San Francisco and Health Advocates, LLP to provide uncompensated care reimbursement recovery services. (Public Health Department)

10/16/01, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be considered at the October 24, 2001 meeting.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Monique Zmuda, Department of Public Health.

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011830 **[Reserved Funds, Public Library]**

Hearing to consider release of reserved funds, Public Library (File 010551, Ordinance No. 76-01), in the amount of $230,000 for the Radio Repeater Project and $20,000 for the Audio/Visual Design Project as recommended by the January 2000 Post Occupancy Evaluation (POE) Report on the Public Library. (Public Library)

(Supervisor Gonzalez dissenting in Committee)

10/5/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; George Nichols, Finance Director, Public Library; Edward Harrington, Controller.
Release of reserved funds in the amount of $250,000 approved.

APPROVED AND FILED by the following vote:

Ayes: 2 - Leno, Peskin
Noes: 1 - Gonzalez

011738 [Easement Exchange - Niles Reservoir in the City of Fremont]

Resolution authorizing the exchange of easements in the Niles District of the City of Fremont thereby allowing public street access to San Francisco Public Utilities Commission Niles Reservoir Property, Alameda County Water District Property and George Emmett Revocable Trust Property, and authorizing the execution of a quitclaim deed vacating a portion of the interest of the San Francisco Public Utilities Commission in an existing tunnel easement encumbering adjacent properties. (Real Estate Department)

10/3/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marc McDonald, Director of Property, Real Estate Division, Department of Administrative Services; Theodore Lakey, Budget Analyst,

RECOMMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011828 [Public Utilities Commission State Loan]

Resolution amending Resolution 720-99, which authorized the Public Utilities Commission to apply for and enter into loan agreements not to exceed $50 million for the reimbursement of prior expenditures incurred for the construction of the Islais Creek/Rankin Street Transport Storage Facilities and to apply such reimbursed monies to defease certain bonds of the Clean Water Enterprise, to also authorize the application of a portion of such reimbursed monies to fund certain capital projects of the Clean Water Enterprise. (Public Utilities Commission)

10/9/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Theodore Lakey, Deputy City Attorney; Kingsley Okereke, Public Utilities Commission, Finance Bureau.
Amended on page 1, line 9, after "Enterprise," by adding "placing $3.5 million on reserve."

AMENDED.

Resolution amending Resolution 720-99, which authorized the Public Utilities Commission to apply for and enter into loan agreements not to exceed $50 million for the reimbursement of prior expenditures incurred for the construction of the Islais Creek/Rankin Street Transport Storage Facilities and to apply such reimbursed monies to defease certain bonds of the Clean Water Enterprise, to also authorize the application of a portion of such reimbursed monies to fund certain capital projects of the Clean Water Enterprise; placing $3.5 million on reserve. (Public Utilities Commission)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011563 **[SF Public Utilities Commission Program Management Services Contract with the San Francisco Water Alliance]**

Resolution approving the second year renewal (FY 2001-2002) of the Public Utilities Commission Program Management Services Contract with the San Francisco Water Alliance. (Public Utilities Commission)

(Fiscal impact.)

8/29/01, RECEIVED AND ASSIGNED to Finance Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Patricia Martel, General Manager, Public Utilities Commission; David Novogrodsky, Local 21; Supervisor Daly; Art Jensen, General Manager, Bay Aea Water Users Association; Jim Chappel, President, SPUR; Lee Glitch, President, Chamber of Commerce; Stan Warren, San Francisco Building Trades Council; Thomas M. Berliner; Alan Gibson, Budget Analyst's Office; John Cloosner, Program Manager, San Francisco Water Alliance; Mike Quan, Manager, Utilities Engineering Bureau, Public Utilities Commission; Jeet Bajwa, Utilities Engineering Bureau, Public Utilities Commission; Ken Bruce, Budget Analyst's Office, Edward Harrington, Controller, Theodore Lakey, Deputy City Attorney.

Amendment of the Whole prepared in Committee.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Resolution approving, retroactively, the second year renewal (FY 2001-2002) of the Public Utilities Commission Program Management Services Contract with the San Francisco Water Alliance; releasing $3,000,000 of the Program Management Office funds. (Public Utilities Commission)

(Fiscal impact.)

(Supervisor Gonzalez dissenting in Committee)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Leno, Peskin

Noes: 1 - Gonzalez

011735 **[Reserved Funds, Public Utilities Commission]**

Hearing to consider release of reserved funds (placed on reserve pending the continuance of the San Francisco Water Alliance contract), Public Utilities Commission, in the amount of $121,276 to recruit and fill the 0954, Deputy Director IV position, needed for the success of the multi-year capital improvement program. (Public Utilities Commission)

9/28/01, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be calendared at the October 10, 2001 meeting.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Patricia Martel, General Manager, Public Utilities Commission; David Novogrodsky, Local 21; Supervisor Daly; Art Jensen, General Manager, Bay Aea Water Users Association; Jim Chappel, President, SPUR; Lee Glitch, President, Chamber of Commerce; Stan Warren, San Francisco Building Trades Council; Thomas M. Berliner; Alan Gibson, Budget Analyst's Office; John Cloosner, Program Manager, San Francisco Water Alliance; Mike Quan, Manager, Utilities Engineering Bureau, Public Utilities Commission; Jeet Bajwa, Utilities Engineering Bureau, Public Utilities Commission; Ken Bruce, Budget Analyst's Office, Edward Harrington, Controller, Theodore Lakey, Deputy City Attorney.

Release of reserved funds in the amount of $121,276 approved.

APPROVED AND FILED by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

011774 [Reserved Funds, S.F. Environment]

Hearing to consider release of reserved funds, S.F. Environment (State grant funds, File No. 011431: Resolution No. 647-01), in the amount of $6.75 million to fund the Power Booster small business energy efficiency retrofit program. (Environment)

10/3/01, RECEIVED AND ASSIGNED to Finance Committee. Department requests this item be calendared at the October 17, 2001 meeting.

10/17/01, CONTINUED. Speakers: None. Continued to October 31, 2001.

Heard in Committee. Speaker: Harvey Rose, Budget Analyst.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Leno, Peskin, Gonzalez

ADJOURNMENT

The meeting adjourned at 2:35 p.m.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

October 25, 2001

TO: Finance Committee

FROM: Budget Analyst

SUBJECT: October 31, 2001 Finance Committee Meeting

Item 1 and 2 - File 01-1885 and 01-1889

Department: Board of Supervisors
Office of Legislative Analyst (OLA)

Items: Item 1 – File 01-1885: Hearing to consider release of reserved funds in the FY 2001-2002 budget for the Board of Supervisors, Office of Legislative Analyst in the amount of $181,628, including $147,207 for Permanent Salaries and $34,421 for Mandatory Fringe Benefits.

Item 2 – File 01-1889: Motion to authorize the Clerk of the Board to fill a vacancy in the Office of Legislative Analyst.

Amount:

Permanent Salaries	$147,207
Mandatory Fringe Benefits	34,421
Total	$181,628

Source of Funds: Funds appropriated and reserved in the Board of Supervisors – Office of Legislative Analyst's budget for FY 2001-2002.

Description:

File 01-1885: The proposed request by the Clerk of the Board for the Office of Legislative Analyst is to release $181,628 representing six months of salary, and mandatory fringe benefit funds, placed on reserve by the Board of Supervisors in the FY 2001-2002 budget. These funds were placed on reserve pending the review and potential restructuring of the Office of the Legislative Analyst (see Comment No. 1).

File 01-1889: The proposed motion from the Clerk of the Board requests authorization from the Finance Committee to fill a vacancy in the Office of Legislative Analyst. According to the Clerk of the Board, Gloria Young, a 1.0 FTE 1371 Special Assistant XII, (Senior Legislative Analyst) position became vacant on September 28, 2001. During the Finance Committee's budget hearings in June of 2001, the Finance Committee directed the Clerk of the Board to return to the Finance Committee if any vacancies should occur in the Office of the Legislative Analyst for authorization to fill such vacancies during the reorganization period.

Comments:

1. The Attachment, provided by the Clerk of the Board is the proposed new structure for the Office of Legislative Analyst (OLA). As shown in the Attachment, the recommended changes are: (1) the requests made to OLA should be prioritized with direction from the Board of Supervisors; (2) the reports should include policy recommendations; (3) the OLA should participate in the budget process from a legislative and policy perspective; (4) the OLA should support Supervisors in their roles as members of regional agencies as well as provide Board Committee support; (5) the OLA should provide more assistance in review and in drafting legislation; and, (6) the reports need to be prepared in a more timely manner. Ms. Young advises that the proposed new structure for the OLA would not result in any new costs. According to Ms. Young, she will present the details of the proposed new structure for the OLA at the October 31, 2001 Finance Committee Meeting. The release of reserved funds in the amount of $181,628, representing six months of salaries and mandatory fringe benefits, is a policy matter for the Board of Supervisors (File 01-1885).

2. The Budget Analyst notes that currently there is a pending motion in the Rules Committee (File 01-1839) which declares that it is the first priority of the Office of the Legislative Analyst to provide policy analysis of the allocations in the Mayor's proposed annual budget with policy analysis requests unrelated to budget matters relegated to second priority.

3. The OLA budget includes a total of 4.0 FTE permanent positions for FY 2001-2002, for a total permanent salary cost of $293,274. The 4.0 FTE budgeted Legislative Analyst positions in OLA consist of: 2.0 FTE 1367 Special Assistant VIII, (Legislative Analyst), a 1.0 FTE 1371 Special Assistant XII, (Senior Legislative Analyst) and a 1.0 FTE 1374 Special Assistant XV, (Senior Legislative Analyst). However, according to Ms. Young, the 1374 Special Assistant XV budgeted position has been filled as a 1371 Special Assistant XII since June of 1999, when the OLA was last reorganized. Ms. Young advises that all positions are exempt under the City's Charter and all positions are paid at Step 5. Based on the July 1, 2001 pay rates, the current biweekly and annual pay rates for the 4.0 FTE budgeted positions are as follows:

Title	FTE Count	Step 5 Biweekly Pay Rate as of July 1, 2001	Annual Pay Rate for FY 2001-2002
1367, Special Assistant VIII	1.0	$2,226	$57,876
1367, Special Assistant VIII	1.0	2,226	57,876
1371, Special Assistant XII	1.0	2,997	77,922
1374, Special Assistant XV	1.0	3,679	95,654

However, as noted above, the 1374 Special Assistant XV position has been filled as a 1371, Special Assistant XII. The difference in the annual pay rates between the two positions at the top Step is $17,732 ($95,654 less $77,922). Therefore, by having 2.0 FTE 1371 Special Assistant II positions instead of 1.0 FTE Special Assistant XII and 1.0 FTE Special Assistant XV, there is an annual salary savings of $17,732, based on the July 1, 2001 pay rates.

4. As previously noted, according to Ms. Young, the 1371, Special Assistant XII, Senior Legislative Analyst position

became vacant on September 28, 2001. Ms. Young reports that if the Finance Committee grants her the authority to fill the vacancy in the OLA at the October 31, 2001 Finance Committee Meeting, she would fill the vacancy with a 1371 Special Assistant XII position at Step 5, even though the budget calls for a 1374 Special Assistant XV position. Further, Ms. Young states that she would advertise for the subject position immediately and would fill the position as soon as possible. The Step 5 biweekly pay rate for the 1371 Special Assistant XII is $2,997 ($77,922 annually) as of July 1, 2001. On January 5, 2002, the Step 5 biweekly pay rate for the 1371 Special Assistant XII position will increase by $59 from $2,997 to $3,056 ($79,456 annually). Approval to fill the vacancy in the OLA is a policy matter for the Board of Supervisors (File 01-1889).

Recommendations:

1. Approval of the proposed release of reserved funds in the amount of $181,628, including $147,207 for Permanent Salaries and $34,421 for Mandatory Fringe Benefits, is a policy matter for the Board of Supervisors (File 01-1885).

2. Approval of the motion to fill the vacancy in the Office of Legislative Analyst is a policy matter for the Board of Supervisors (File 01-1889).

BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Members of the Finance and Labor Committee
Members of the Board of Supervisors

FROM: Gloria L. Young, Clerk of the Board

DATE: October 31, 2001

RE: Office of the Legislative Analyst

REQUEST

This is a request for release of reserves for the second half of Fiscal Year 2001-02 and the authority to fill the vacant Senior Analyst position. The report also responds to the Finance Committee's recommendation that the Office of Legislative Analyst review its mission and to that end, work with the Board of Supervisors and their legislative aides.

BACKGROUND

Since creation of the office in 1997, the OLA has undergone fundamental internal changes directed at improving the effectiveness of the office in supporting its mission and in serving the Board of Supervisors and members of the public, especially in light of district elections.

RESPONSE TO FINANCE COMMITTEE

The Finance Committee recommended that the Office of Legislative Analyst reviews its mission, and to that end, works with the Board of Supervisors and their legislative aides.

During the past three months since the adoption of the Fiscal Year 2001-02 budget, the Clerk of the Board and the Office of Legislative Analyst have worked with the Board of Supervisors and its legislative aides. A survey was distributed to solicit feedback regarding the Office of Legislative Analyst. The Office of the Clerk of the Board researched other entities throughout the state that provided legislative support in order to compare with San Francisco. It is important to note that 7 of the 11 Supervisors' offices completed the survey (65 percent response rate). The Office of Legislative Analyst also met individually with nine of the Supervisors and their staffs. A Summary of 2001 Office of Legislative Analyst Survey and Other Supervisor Input is attached. Overall, the survey response confirmed the Board of Supervisors' use of the office and recommended improvements and/or additional services. The Office is revising its Request Form

to allow the Supervisors to describe what types of services they needed in more detail. Supervisors will also be receiving monthly updates on the status of requests submitted to the Office of Legislative Analyst by members of the Board of Supervisors. The first report was issued last month.

RECOMMENDATIONS

After reviewing the survey information and extrapolating the information gained through the interviews with the Supervisors, the following changes to the original Service Delivery Model are recommended:

1. The requests made to the Office of Legislative Analyst should be prioritized with direction from the Board of Supervisors.

2. The reports should include policy recommendations.

3. The Office of Legislative Analyst should participate in the budget process from a legislative and policy prospective.

4. The Office of Legislative Analyst should support Supervisors in their roles as members of regional agencies as well as provide Board Committee support.

5. The Office of Legislative Analyst should provide more assistance in review and in drafting legislation.

6. The reports needed to be prepared more timely.

In order to address the issues of timely reports, to have the Office play a vital role in supporting regional agencies and Board Committees, and in actively participating in the budget process, it will be necessary to review the existing rules. The Rules of Orders and the Service Delivery Model will need to be revised so that the Board can work with the Office of Legislative Analyst to determine the priority of assignments and which requests are appropriate for the Office.

There are a number of follow-up issues that the Office will pursue including working with the Department of Human Resources to undertake a classification study of the organization and to review the current structure of the Office. This Office is returning to the Finance Committee in November to allow for your input.

As you will note from the information, the Board of Supervisors has continued to use the services of the Office of Legislative Analyst. The Office is fully engaged in the analysis of major policy and municipal issues.

I believe the recommended changes to the Service Delivery Model will strengthen overall effectiveness of this Office. I continue to support this Office.

Attached are the following documents that provide a history of the accomplishments of the Office of the Legislative Analyst.

1. Chronology of the Office of Legislative Analyst.

2. October 2001 Highlights

3. Reports Cited by the Media

4. Service Delivery Model, that was established with the support and input from members of the Board of Supervisors, Legislative Aides, staff from major City departments, including the City Attorney's Office, the Controller, the Budget Analyst and the Mayor's Office, as well as Legislative Analyst offices in other jurisdictions.

I will be available at the October 31, 2001, Finance and Labor Committee meeting to respond to questions.

Attachments

Memo to Finance Committee
October 31, 2001 Finance Committee Meeting

Item 3 - File 01-1827

Department: Airport Commission

Item: Resolution approving and authorizing the execution of a lease with Japan Airlines Company, Ltd. for space in Plot 50B-1 Cargo Building.

Lessor: City and County of San Francisco, acting by and through its Airport Commission

Lessee: Japan Airlines Company, Ltd. (JAL)

Total Acreage and Cost Per Month Payable by JAL to the Airport: Approximately 7.942 acres (approximately 345,953 s feet) consisting of:

- 6.442 acres (280,613 square feet) of improved land incl 81,370 square feet of facilities (see Description or following page) at a monthly rental rate of $13 (approximately $1.71 per square foot of facilities per m for the first year of the proposed lease.

- Approximately 1.5 adjacent acres of improved land (approximately 65,340 square feet) that JAL would have the non-exclusive right to use on a preferential basis for aircraft parking.

During each year of the lease, and the option period if exercised, except for the sixth and the eleventh year, the rent would be subject to annual Consumer Price Index (CPI) adjustments. For the first year annual rent would total $1,668,085 ($20.50 per square foot per year). According to the proposed lease, in the sixth year (and the eleventh year if an option to extend is exercised), the rent would be adjusted to market value, based on a reappraisal by the City to reestablish the fair market value. If the annual rental rate in effect at that time exceeds the market value, such an annual rate would be retained. If the market value exceeds the annual rental rate in effect at that time, the annual rent would be adjusted to the market value.

Purpose of Lease: JAL would use the approximate total 7.942 acres for an air cargo warehouse, office space, employee and customer parking and aircraft parking.

Amount Payable by JAL:	$1,668,085 in the first year of the lease with annual adjustments based on the CPI. The first such adjustment would occur November 1, 2002 (assuming the lease is retroactive to October 26, 2001, see Comment No. 3) and on each subsequent November 1 thereafter, with the exception of the sixth and eleventh years, as described above.
Term of Lease:	Ten years beginning on October 26, 2001 and ending on October 25, 2011
Option To Extend:	Lessor (the City) has one five-year option to extend the lease with the same terms and conditions of the original lease. If the City exercises the option to extend the lease and JAL agrees to the extension, the City would reappraise the property at the end of the tenth year. The Annual Rent would be adjusted to reflect the increase in the fair market value in the same manner as the lease rate adjustment for the sixth year described above.
Maintenance and Operations:	The Lessee, JAL Company, Ltd., would pay for the costs of maintenance, repair, and utilities for the leased land and facilities, except for the approximate 1.5 acres of space that include an aircraft parking position, which would be the responsibility of the Airport (see Comment No. 4). Ms. Diane Artz of the Airport estimates that annual costs for the maintenance and repair of this 1.5 acres would be $4,000 annually.
Description:	The proposed resolution would authorize a new 10-year lease of 6.442 acres of Plot 50B-1 at the Airport to JAL. The proposed lease would also provide JAL with the non-exclusive use of an additional 1.5 acres for aircraft parking. An existing twenty-year lease between JAL and the City will expire October 25, 2001. Under that lease, JAL leased approximately 7.95 acres of unimproved land for $449,970 annually, or approximately $37,498 monthly. Ms. Artz advises that under the existing lease, JAL was required to spend $6.4 million to construct a cargo warehouse and other improvements. JAL constructed such improvements as follows: • A Cargo Building (known as Plot 50B-1 Cargo Building that includes: -59,438 square feet of warehouse space -13,500 square feet of office space -5,183 square feet of covered truck dock area

- A 3,249 square feet General Service Equipment Building
- 37,243 square feet of fenced parking on the north side of the Cargo Building, which provides 89 employee parking spaces. Additionally, nine customer parking spaces are located on the west side of the Cargo Building.
- Two aircraft parking positions, one of which under the proposed lease is for the exclusive use of JAL and the other of which may be used by JAL on a non-exclusive basis but with preferential rights. At the Airport's discretion, other airlines may use the second aircraft parking position. Ms. Artz advises that under the existing lease, JAL had the exclusive use of both such parking positions (see Comment No. 4).
- An underground hydrant fuel system for fueling aircraft in each of the two aircraft parking positions.

Ms. Artz advises that the Airport owns the improvements constructed by JAL. The proposed lease permits JAL to use the leased facilities only for the following purposes: to conduct air cargo related business, including receiving, delivering, dispatching, processing, handling, and storage of air cargo and mail. With the consent of the Airport Director, JAL may provide third-party handling services for other airlines.

Comments:

1. The Airport Commission adopted Resolution No. 01-0297 on September 4, 2001 approving the proposed lease and recommending that the Airport Commission Secretary seek Board of Supervisors approval of the proposed.

2. According to Ms. Artz, the proposed annual rent of $1,668,085 per year represents the fair market value of the subject facilities, land, and improvements based on an appraisal by the Real Estate Division. The proposed annual rent is a $1,218,115 increase, or 271 percent more than the annual rent of $449,970 currently paid to the Airport under the existing lease. Ms. Artz advises that the proposed rate represents a blended rate of $20.50 per square foot per year based on the appraised values of the facilities, land, and other improvements. The calculation of the annual rent is based on the square footage of the facilities (81,370 square feet at $20.50 per square foot per year).

3. Ms. Artz advises that even though the Airport Commission approved the proposed lease on September 4, 2001, the events of September 11, 2001 caused a delay in the execution of the proposed lease and its subsequent submittal to the Board of Supervisors. Ms. Artz advises that the Airport would like the proposed lease to be retroactive to October 26, 2001. The Budget Analyst recommends amending the proposed resolution to provide for retroactivity to October 26, 2001.

4. As stated above, under the terms of the existing lease, JAL constructed two aircraft parking positions on the south side of the buildings constructed by JAL. Ms. Artz advises that under the existing lease JAL has exclusive use of both such parking positions. Under the proposed lease, only one of the parking positions will be for JAL's exclusive use. JAL will have the non-exclusive use, with preferential rights, of the second parking position but other airlines could also use it at the Airport's discretion. Under the proposed lease, the City will be responsible for the maintenance, repair, and replacement (if necessary) of these approximate 1.5 non-exclusive use acres that include the second aircraft parking position at an annual cost of approximately $4,000, excluding maintenance of a Hydrant Fuel System.

Recommendations:

1. Amend the proposed resolution to provide for retroactive authorization, in accordance with Comment No. 3 above.

2. Approve the proposed resolution, as amended.

Item 4 - File 01-1881

Department: Department of Public Health (DPH)

Item: Resolution authorizing the Director of Public Health and the Purchaser to execute a contract between the City and County of San Francisco and Health Advocates, LLP to provide uncompensated care recovery services.

Contract Term: Anticipated to commence on December 1, 2001 through December 31, 2005 (four years and one month).

Description: Uncompensated care recovery services includes assistance to complete Supplemental Security Income (SSI) and Medi-Cal eligibility applications on behalf of DPH patients, and representation and legal assistance for patients in SSI fair hearings and appeals, for the purpose of collecting unpaid inpatient hospital bills for DPH services that are provided to medically indigent patients. The proposed resolution would authorize DPH to enter into a contract with Health Advocates, LLP (Health Advocates), a private contractor, to provide an uncompensated care recovery program.

The DPH issued a Request for Proposals (RFP) on July 12, 2001, and received three bids in response from Health Advocates, Paralign and CompSpec, Inc. In an October 24, 2001 memorandum to the Budget Analyst (Attachment I) Ms. Monique Zmuda from the DPH explains that Health Advocates was selected based on the DPH's evaluation of the established criteria, which awards points based on recent relevant experience, the scope of work to be performed, the quality of past and present projects, cost and the results of oral interviews with qualified bidders. Ms. Zmuda states in her memorandum that the DPH selected Health Advocates because its composite score was the highest for these criteria.

According to Ms. Zmuda, the DPH has contracted out uncompensated care recovery services since 1988 to help supplement DPH staff efforts to provide uncompensated care recovery services. Ms. Zmuda advises that San Francisco General Hospital (SFGH) has an internal staff of ten Hospital Eligibility Workers to assist SFGH patients in identifying financial resources to pay for inpatient hospitalization costs for which the patient does

not have the ability to pay. Eligibility determination, which is provided by DPH personnel and authorized by the City's Department of Human Services, typically includes assistance in applying for Medi-Cal or SSI, and making appropriate third-party claims. The proposed contractor would be assigned those cases which the internal DPH eligibility workers have deemed "unreimburseable." Such cases usually involve former patients who have been discharged form SFGH. Uncompensated care services provided by the contractor include identification of financial resources to pay for the care provided, field work on behalf of indigent patients, such as visits to homeless shelters; assistance in obtaining further medical treatments or evaluations, as necessary; efforts to locate former patients whose addresses are not known, and patient advocacy and representation in appealing denials of benefits to administrative agencies.

Ms. Zmuda reports that the City's previous contract with Paralign to provide uncompensated care recovery services began on April 1, 1998 and expired on April 11, 2001. This contract was extended for a 30-day period until May 11, 2001 for Paralign to complete its work on existing files. Since the expiration of the City's contract with Paralign, an additional 4.5 FTEs at DPH have provided the uncompensated care recovery services functions formerly provided by Paralign. Ms. Zmuda reports that these 4.5 FTEs will return to their normal billing functions upon approval of the proposed contract by the Board of Supervisors.

As shown in Attachment II, provided by DPH, the DPH received annual gross revenues totaling $6,211,736 in calendar year 2000 from obtaining eligibility for third party payment for indigent patients, of which $1,344,219, or 21.6 percent, was paid to Paralign and $4,867,517 in net revenues, or 78.4 percent, was received by the DPH. According to Ms. Zmuda, the DPH estimates that it will receive annual gross revenues totaling $7,600,000 in calendar year 2001, of which $1,520,000, or 20 percent, is anticipated to be paid to Paralign and $6,080,000 in net revenues, or 80 percent, is anticipated to be received by the DPH. Ms. Zmuda reports that Paralign will received

payment for what appears to be one full year of work, even though its contract expired on May 11, 2001, because of the time lag between when claims are submitted by the contractor on behalf of the indigent patients and when payment is received. In calendar years 2002 through 2005, DPH anticipates that it will receive $7,000,000 annually in gross revenues, of which $1,220,000 per year, or approximately 17.4 percent, would be paid to Health Advocates and $5,780,000 per year in net revenues, or 82.6 percent, would be received by the DPH.

The proposed subject contract would only pay the contractor a percentage of the gross revenues actually collected, on behalf of the City, according to the following schedule:

Gross Revenues Collected Each Contract Year	Contingency Fees Paid to the Contractor
$0 to $2,000,000	20 percent
$2,000,001 to $4,000,000	18 percent
$4,000,001 to $6,000,000	16 percent
$6,000,001 and above	14 percent

Comments:

1. The DPH initially issued an RFP for the contract to provide uncompensated care reimbursement recovery services in September of 2000, and received two proposals, from Health Advocates and Paralign. The proposals were rated by a panel consisting of the Director of Patient Billing for University of California at San Francisco Hospitals, the Eligibility Manager at SFGH, the Controller for SFGH, the Director of Contracts and Utilization in the Department of Psychiatry at SFGH and the Reimbursement Manager in the AIDS Office at DPH. Health Advocates received the highest score from this panel. In a January 31, 2001 memorandum to the Finance Committee (Attachment III), Ms. Virginia Harmon of the Human Rights Commission (HRC) explains that when Paralign was notified that it had not been selected, it filed an appeal with DPH, which DPH overruled. The Health Commission then voted to award the contract to Health Advocates at its meeting on December 12, 2000 and, because the contract involves incoming revenues to the City in excess of $1,000,000, it was forwarded to the Board of Supervisors for its approval. Ms. Harmon states

in her memorandum that Paralign then filed an application for a temporary restraining order and a motion for a preliminary injunction in the United States District Court for Northern California. Therefore, the DPH was prevented from exercising a final contract agreement with Health Advocates.

Ms. Harmon further states that the HRC concluded that, although there were several flaws in the RFP process, "there was no evidence to show that these flaws influenced the outcome of the evaluation process in any significant way." The HRC concluded that the most equitable resolution to the Paralign appeal would be to convene another panel to reassess the two previously submitted proposals.

At the Finance Committee Meeting on February 7, 2001, the DPH agreed to follow the suggestions of HRC. According to Ms. Zmuda, the DPH convened a new panel consisting of the Tax Collector's Director of the Bureau of Delinquent Revenue Collection, the Billing Director of the Community Mental Health Services and DPH Mental Health Plan, the Admitting and Eligibility Manager for SFGH, the Director of Patient Financial Services and Admissions for Laguna Honda Hospital and an HRC Analyst as an observer. The new panel convened on February 13, 2001 to review the two proposals and, again, Health Advocates' proposal received the highest score. Therefore, the Health Commission recommended on February 20, 2001 that the contract be awarded to Health Advocates. Ms. Zmuda further advises that Paralign appealed the panel's decision again on February 21, 2001, claiming that there was a violation of the bidding and selection process guidelines. According to Ms. Zmuda, the DPH denied Paralign's appeal on February 28, 2001, finding no violation of the DPH's bidding and selection process guidelines. On March 12, 2001, the Board of Supervisors approved the resolution to award a contract to Health Advocates (File 00-2187).

In an October 25, 2001 memorandum to the Budget Analyst (Attachment IV), Ms. Sheryl Bregman of the City Attorney's Office explains that, on April 3, 2001, the Court ruled as follows: "The Court found that Paralign

had no likelihood of success on the merits of its claims of bias and conflicts of interest but that Paralign may succeed on issues concerning the particulars of Health Advocates' proposal. The Court ruled that the March 2001 award to Health Advocates was improper but lifted the TRO (Temporary Restraining Order), refusing to extend Paralign's contract." Ms. Bregman further states "The Court also determined that the City was free to take whatever action it so chose with respect to the uncompensated care recovery services program." According to Ms. Zmuda, the DPH then issued a new RFP on July 12, 2001.

Approval of the proposed resolution by the Board of Supervisors would award the subject contract to Health Advocates. Ms. Zmuda advises that DPH convened another new panel consisting of the Assistant Director of Community Mental Health Services at DPH, the Budget Manager at SFGH, the Director of Indigent Program Reimbursement at DPH and the Billing Manager for Community Mental Health Services at DPH. This panel reviewed the three proposals submitted by Health Advocates, Paralign and CompSpec, Inc., in response to the RFP issued on July 12, 2001, and Health Advocates' proposal received a score of 106.52 or 7.19 more points than Paralign, which received 99.33 points, and 22.02 more points than CompSpec, Inc. which received 84.50 points. Therefore, the Health Commission has recommended that the subject contract be awarded to Health Advocates. Ms. Zmuda advises that, to date, Paralign has not appealed the new panel's decision. The point calculations for the three proposals submitted in response to the most recent RFP are shown in Attachment V.

2. As shown in Attachment V, the RFP evaluation was based on a total of 140 points, and cost was 25 points or 17.9 percent of the total. Health Advocates cost bid structure results in total payments of $1,220,000 based on gross revenues of $7,000,000 as noted above. The Paralign cost bid would result in total payments of $1,260,000 or $40,000 more than Health Advocates. CompSpec, Inc.'s cost bid would result in total payments of $1,035,000 or $185,000 annually <u>less</u> than the Health Advocates cost of

$1,220,000. However, CompSpec, Inc. received significantly lower ratings on other evaluation criteria, which included Scope of Work, Recent Relevant Experience, Professional Background and Quality of Past and Present Projects.

Overall, CompSpec, Inc. received a rating of 84.5 points, Paralign received a rating of 99.33 points and Health Advocates received a rating of 106.52 points.

Because Health Advocates did not submit the lowest cost bid, which exceeded the lowest cost bid by $185,000 or 17.9 percent more than the CompSpec, Inc. cost bid, the Budget Analyst considers approval of the proposed resolution to be a policy matter for the Board of Supervisors.

3. The proposed subject resolution authorizes the Director of Public Health and the Purchaser to make amendments to the subject contract, if needed. According to Ms. Zmuda, this is a standard provision in all of the DPH's contracts, which allows the DPH to make minor changes, such as including an additional scope of work requirement or extending a contract for a few months while an RFP is in process, but not change the intent of the original contract.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

MEMORANDUM

DATE: October 24, 2001

TO: Anna Weinstein LaForte
Budget Analyst's Office
San Francisco Board of Supervisors

FROM: Monique Zmuda, Chief Financial Officer

RE: **Resolution to the Board of Supervisors**
Health Advocates Contract
File 01-1881

1. There are ten (10) budgeted Hospital Eligibility workers at San Francisco General Hospital to assist hospital personnel in identifying financial resources to pay for Inpatient hospitalization for which no source of funding is currently available. During April 2001 .4.5 FTE were re-allocated from other Billing functions to assist in performing the eligibility functions previously performed by the contractor.

2. RFP 20-2001 for Uncompensated Care Reimbursement Recovery Services was issued on July 12, 2001.

3. A. Three (3) proposals were received by the Department of Public Health. The basis in which the bidder was selected, as stated in the RFP are as follows: Scope of work, recent relevant experience, professional background, quality of past and present projects, cost and results of oral interviews with qualified bidders. These criteria are consistent with the Department's policies for bidding professional services, and is also consistent with the City's policies and guidelines. Cost is only one portion of the rating used to evaluate and score each proposal. The weight of lowest cost represents 25% of the total score. The three bids received contained varied levels of proficiency and quality in these areas. Health Advocates was selected because its composite score was the highest for these criteria.

INFORMATION ON HEALTH ADVOCATES, LLP CONTRACT FOR UNCONPENSATED CARE REIMBURSEMENT RECORVERY SERVICES

	CY 2000	CY 2001	CY 2002 Through CY 2005
Actual Gross Revenue to DPH:	6,211,736		
Actually Paid to Prior Contractor:	1,344,219		
Actual Net Revenue to DPH:	4,867,517		
Projected Gross Revenue to DPH:		7,600,000	
Projected to be Paid to Prior Contractor:		1,520,000	
Projected to be Paid to Health Advocates:		- 0 -	
Projected Net Revenue to DPH:		6,080,000	
Projected Gross Revenue to DPH:			28,000,000
Projected to be Paid to Health Advocates:			4,880,000
Projected Net Revenue to DPH:			23,120,000

Cumulative Net Collection Subject to Contingency Fee (a) Each Contract Year January through December			Health Advocates' Contingency Fee
$0	to	$2,000,000	NET 20%
$2,000,001	to	$4,000,000	NET 18%
$4,000,001	to	$6,000,000	NET 16%
$6,000,001	and	above	NET 14%

(a) Total Net Cash Collections reduced for the effect of Medi-Cal per diem caps.

City and County of San Francisco

Willie Lewis Brown, Jr.
Mayor

Human Rights Commission
Contract Compliance
Dispute Resolution/Fair Housing
Minority/Women/Local Business Enterprise
Lesbian Gay Bisexual Transgender & HIV Discrimination

Virginia M. Harmon
Interim Director

MEMORANDUM

Date: January 31st, 2001

To: Honorable Members of the Finance Committee

Through: Virginia Harmon
Interim Director, HRC

From: Diana Rathbone
Senior Contract Compliance Officer, HRC

Subject: Department of Public Health (DPH) Request for Proposal # 17-2000: Uncompensated Care Recovery Services

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At its regular meeting on January 17th, 2001, the Finance Committee of the Board of Supervisors asked the Human Rights Commission to look into the selection process for the above referenced contract and to ensure its impartiality.

This report is a response to that request. It includes a brief contract history, followed by a summary of normal selection procedures for professional services contracts. These procedures are then compared with those on this contract, with special reference to potential problem areas raised at the Finance Committee meeting.

BACKGROUND

In September, 2000, DPH issued a Request for Proposals (RFP) for uncompensated care recovery services. The purpose of this RFP was to hire a contractor to assist DPH in collecting unpaid inpatient hospital bills for services that are provided to indigent patients. Such services include, for example, completing Supplemental Security Income (SSI) and Medi-Cal eligibility applications on behalf of patients, and representing them at SSI fair hearings and appeals.

Two proposals were received in response to the RFP, one from the incumbent, Paralign, and the other from a new contractor called Health Advocates.

The proposals were rated by an expert panel and Health Advocates received the highest score. When Paralign was notified that it had not been selected, it filed an appeal with DPH, which DPH overruled. The Health Commission then voted to award the contract to Health Advocates at its meeting on December 12th, 2000 and, because the contract involves incoming revenues to

25 Van Ness Avenue
Suite 800
San Francisco
California 94102-6033

TEL (415) 252-2500
FAX (415) 431-5764
TDD (415) 252-2550
http://www.sfhumanrights.org

the City in excess of $1 million, it was forwarded to the Board of Supervisors Finance Committee for its approval.

Paralign has filed an application for a temporary restraining order and a motion for a preliminary injunction in the United States District Court for Northern California. The court has agreed to continue the date of this motion until the Board of Supervisors awards the contract.

CONTRACT SELECTION PROCEDURES

The City has two distinct processes for the selection of contractors. They are variously described in Chapters 6 and 12D.A of the San Francisco Administrative Code.

Construction Contracts. Construction contracts are put out to bid and the contract is awarded to the lowest responsible and responsive bidder.

Professional Services Contracts. Professional services contracts are awarded using an RFP process. The aim of the RFP is to select the company which will provide the highest level of service (i.e., which proposer will design the most beautiful and functional hospital; which proposer will provide accounting services in the most efficient and timely manner; which proposer will create the most user friendly and reliable computer software program).

On many professional services contracts, particularly, architecture and engineering contracts, the quality of the work being proposed is the over-riding factor and, in those cases, fees are submitted, if they are submitted at all, in a separate, sealed envelope. In this way, the department has a starting point for cost negotiations with the successful contractor, but the panel is not influenced by questions of money.

On other contracts, as in the one before you, price may be an issue, and in these cases, it will be evaluated along with all other aspects of the proposal. However, price will never be the determining factor. If it were the determining factor, there would be no need to issue an RFP and the contract would be awarded to the lowest bidder, as if it were a construction contract.

Although every effort is made to keep the RFP process as objective as possible, it is, compared to the bidding process used for construction contracts, a more subjective approach. Therefore, every effort has to be made to document and to ensure the fairness of the selection procedures at each stage of the process, and to eliminate any possible suggestion of bias.

A TYPICAL SELECTION PROCESS.

RFP. The first step is for the department to issue an RFP. It should spell out exactly what the department is looking for, including clearly defined minimum qualifications and the types of information that should be included in the proposal. The RFP should also contain specific evaluation criteria, with predetermined points assigned to each criteria, so that proposers will understand how they are going to be scored.

On a typical contract, if points are assigned to the price, these points will be assessed using a predetermined formula based on the lowest price.

Preproposal Meeting and Questions. A pre-proposal meeting is held to answer the questions of potential proposers. Minutes are taken and are then distributed to all potential proposers, both those present at the meeting and those who have expressed interest in the RFP but who are not at the meeting. In addition, answers to any phone questions provided by the department to any interested proposer are provided by mail to all interested proposers.

Panel. The department selects a panel, normally composed of three or more members, to evaluate the proposals. Panelists must possess appropriate expertise to evaluate the contract in question and the panel as a whole must reflect the ethnic and gender diversity of San Francisco. HRC strongly recommends that at least one panel member be recruited from outside the department, and one from outside the City, to ensure impartiality. However, this is not a requirement.

No panel members should be involved in the preparation of the RFP in question, or in the planned future management of the contract. Additionally, no panel members should have a previous professional or personal relationship with any of the proposers.

Panel Orientation. The panel will normally receive an orientation prior to commencing its work. The point of the orientation is to answer any questions the panelists may have, and to provide rules to ensure an equitable process. For example, it is inappropriate for any panel member to attempt to influence the score of another panel member, to indicate by body language during an oral interview an opinion of the presentation in progress, to score a written proposal on anything other than the information contained within the proposal, or to give an oral interview of one hour, with one set of questions, to one proposer, and ten minutes, with a completely different set of questions, to another.

Scoring Written Proposals.

Once the proposals have been received, a copy of each one is sent to the panelists, after which, a meeting is normally convened to score the written proposals. The HRC's Rules and Regulations, pursuant to Chapter 12.D.A of the San Francisco Administrative Code (the Minority, Woman and Locally Owned Business (M/W/LBE) Ordinance) encourage departments to prohibit any discussion at all among panelists, other than for points of clarification and follow up, allowing each panelist to score each proposal and interview according to his or her individual assessment. However, this is not a requirement.

Oral Interviews.

Once the proposals have been evaluated, the department usually creates a shortlist of the top scorers, and these firms are then invited to an oral interview in front of the same panelists. All proposers should be asked the same questions, each interview should be scored according to

predetermined evaluation criteria and points and all interviews should take the same amount of time. Again, HRC discourages discussion among the panelists, other than for points of clarification and follow up, but this is not a requirement.

Negotiations and Contract Award.

At the conclusion of the selection process, the department enters into discussions with the firm which submitted the highest rated proposal. At this point, everything in the proposal, including the price, is open to negotiation.

Once those negotiations are successfully completed, the contract is ready for award. If the negotiations break down, the department will open negotiations with the second highest scorer, and so on, until it has a successful contractor.

QUESTIONS ABOUT THE PROCESS USED IN THIS RFP

General.

DPH, for the most part, followed the procedures outlined above. It is perhaps worth noting that, during the evaluation of the written proposals, the panel was allowed to discuss the responses to each of the evaluation criteria, prior to scoring that criteria according to the predetermined points. Notes were kept of these discussions, and these were later typed up and sent to each panel member for review. While HRC prefers that no discussion take place, such a practice is not prohibited, and there is nothing in either the notes or the scores to suggest anything other than a fair, thoughtful and unbiased evaluation. To the contrary, panel members report that it was an extremely formal selection process.

It is DPH's practice to assign the selection process to a contract administrator. The contract manager, the person who will be in charge of the contract once it is awarded, is not involved in the development of the RFP other than to advise on the selection of panel members and to be present at the panel evaluations to answer technical questions.

DPH decided not to conduct oral interviews.

References. Paralign's proposal included very few letters of recommendation, in comparison with that of Health Advocates. During the panel evaluation of the written proposals, the contract manager asked the contract administrator if she could share the results of Paralign's reference checks in an effort to bolster the information in Paralign's proposal. Permission was granted. At that point, the contract manager had not completed Paralign's reference checks, and had not started on those of Health Advocates.

The Paralign references were mixed, certainly more mixed than any letter a proposer would opt to include in a proposal. On the other hand, all but one of the panel members, although they remember the incident, do not feel that it effected their scoring one way or the other. They were

more influenced by the proposal itself. The other panel member felt it had increased an already negative assessment of Paralign's performance under this criteria.

No information was given to the panel regarding the outcome of Health Advocate's references, because they had not yet been checked.

Bias.

It is obviously extremely important that no panelists and no department staff involved in the RFP process should have any investment in its outcome that could bias the proceedings. For example, it is important in a contract such as this one that none of the panelists should have previously worked with the incumbent. However, two of the five panelists have had ongoing professional dealings with the incumbent in the performance of its current contract.

In addition, the contract manager, as well as her supervisor, the Chief Financial Officer (CFO) of DPH's Community Health network, had an existing relationship with one or other of the proposers. The CFO's domestic partner used to work for Health Advocates, and her letter of recommendation was one of those included in Health Advocate's proposal. The CFO is also close friends with several Paralign employees. For these reasons, when he was asked to serve on the panel, the CFO recused himself. However, as the contract manager's supervisor, it was also his job to review and sign off on all the RFP documents once the process was complete, the highest scorer determined and the letters of notification ready to be issued. The CFO did not recuse himself from this task and signed the document.

It seems clear that the CFO, in order to avoid even the appearance of bias, should have recused himself from the entire process, including lending his signature to the final RFP approval. However, because his role was so minor, and occurred post selection, it seems clear that his signature could not have influenced the outcome of the process itself. Additionally, none of the panel members knew the name of the CFO's domestic partner, and therefore could not have been influenced by the presence of this letter in Health Advocate's proposal.

The contract manager is the second person with an apparent conflict of interest. She was hired in July, 2000, two months before this RFP was issued, and part of her assignment was to work with the incumbent in the execution of its current contract. In addition, in a previous employment, she had hired Health Advocates to perform similar services to those requested in this RFP. Lastly, although she was not on the panel, she selected all but one of the panel members and she was present while the proposals were being scored as a technical advisor. It was in this role that she shared the partial references with the panel members.

The panel members say that the contract administrator played the most important role during their deliberations, giving them all of their instructions. They agree that the contract manager sat silently, apart from reading the references and answering one or two questions. There is therefore no evidence, except for reading the references, that she influenced their discussions in any way.

Bilingual Staff. This is not really an issue of procedure. The RFP required as a minimum qualification that proposers must be able to "demonstrate that they have adequate staff "on board" as of the time of its bid, who are bilingual," that they have access to interpreters, and that "both on and off site staff demographics reflect the ethnically diverse patient population served by DPH." Panel members and DPH staff are satisfied that both proposals met these requirements. After reviewing the proposals, HRC concurs with this opinion.

Price Negotiations. It was entirely normal and acceptable procedure for DPH to include the price submitted with the proposal in its negotiations with Health Advocates.
At that point Paralign, because it had a lower score, was, out of the picture, and had been notified in writing to that effect. It would have been highly unfair to allow Paralign to modify its proposal in any way after the completion of a selection process in which it was the loser, with the idea of allowing it to get back into the competition. Only if negotiations were unsuccessful with the highest scorer could DPH have entered into negotiations with Paralign.

CONCLUSION

There was general consensus among the panelists that Health Advocates submitted a superior proposal. In addition, DPH conducted a well organized and documented RFP process. However, as mentioned above, it is extremely important to avoid even the appearance of bias in these procurements. In this regard, HRC believes that there were several flaws in the process.

First, none of the panel members should have had any recent dealings with either proposer. Second, the partial reference checks of only one proposer should not have been given to the panelists. If reference checks were shared with the panelists at all, then full and complete checks for both the panelists should have been included. Finally, the letter of recommendation from the domestic partner of the CFO should not have been included in Health Advocate's proposal. Whether or not Health Advocates knew of the relationship, the sender must certainly have been aware of the conflict of interest and should have refrained.

There is no evidence to show that these flaws influenced the outcome of the evaluation process in any significant way. However, HRC believes that the most equitable resolution to this RFP would be to convene another panel to reassess the two previously submitted proposals, removing the letter from the CFO's domestic partner from that of Health Advocates.

CITY AND COUNTY OF SAN FRANCISCO

LOUISE H. RENNE
City Attorney

OFFICE OF THE CITY ATTORNEY

SHERYL L. BREGMAN
Deputy City Attorney

DIRECT DIAL: (415) 554-4226
E-MAIL: sheryl_bregman@ci.sf.ca.us

MEMORANDUM

TO: Budget Analyst, San Francisco Board of Supervisors

FROM: Sheryl L. Bregman

DATE: October 25, 2001

RE: PARALIGN REVENUE MANAGEMENT, INC. v. CITY AND COUNTY OF SAN FRANCISCO, *et al.*
UNITED STATES DISTRICT COURT, N.D.CA CASE NO. C 004641 VRW

At the request of Monique Zmuda, Chief Financial Officer for the San Francisco Department of Public Health ("DPH"), I am writing to describe for you the history and current status of the case brought by Paralign Revenue Management, Inc. ("Paralign") against the City and County of San Francisco, DPH, the San Francisco Health Commission and Dr. Mitchell Katz (collectively, the "City").

In December 2000, following a competitive process, the San Francisco Health Commission awarded a contract for uncompensated care recovery services to Health Advocates, LLP. Paralign, the incumbent contractor and participant in the competitive process, immediately brought an action in the Federal District Court, Northern District of California, seeking injunctive and declaratory relief. Paralign alleged that the City's competitive process was tainted by bias and conflicts of interest and that Health Advocates' proposal did not comply with certain requirements contained in the Request For Proposals (the "RFP"). The Court stayed the action pending approval by the Board of Supervisors. The Board's Finance Committee, following a public hearing on the matter, required DPH to re-evaluate the responses to the RFP with a new panel. DPH did so with the same result. The Board of Supervisors then approved the contract.

On March 1, 2001, the Court issued a Temporary Restraining Order enjoining the City from terminating or otherwise displacing Paralign from performing services under its existing contract and an Order To Show Cause Re Preliminary Injunction concerning the contested award. On March 15, 2001, the Court heard oral argument on Paralign's motion for a preliminary injunction.

On April 3, 2001, the Court entered an Order granting in part and denying in part Paralign's motion. The Court found that Paralign had no likelihood of success on the merits of its claims of bias and conflicts of interest but that Paralign may succeed on issues concerning the particulars of Health Advocates' proposal. The Court ruled that the March 2001 award to Health Advocates was improper but lifted the TRO, refusing to extend Paralign's contract. The Court also determined that the City was free to take whatever action it so chose with respect to the

FOX PLAZA · 1390 MARKET STREET, 5TH FLOOR · SAN FRANCISCO, CALIFORNIA 94102-5408
RECEPTION: (415) 554-4226 · FACSIMILE: (415) 255-0733

CITY AND COUNTY OF SAN FRANCISCO — OFFICE OF THE CITY ATTORNEY

Memorandum

TO: Budget Analyst, San Francisco Board of Supervisors

DATE: October 25, 2001
PAGE: 2
RE: PARALIGN REVENUE MANAGEMENT, INC. v. CITY AND COUNTY OF SAN FRANCISCO, *et al.*
UNITED STATES DISTRICT COURT, N.D.CA CASE NO. C 004641 VRW

uncompensated care recovery services program. The prior contract with Paralign expired effective April 11, 2001.

The action is pending and discovery is stayed.

Please do not hesitate to call me with any questions.

S.L.B.

cc: Monique Zmuda, DPH

DATE: 22-Aug-01

RFP EVALUATION - PROFESSIONAL SERVICES

RFP #: 20-2001 Uncompensated Care Reimbursement Recovery Services

COMPOSITE EVALUATION SCORES

NG CRITERIA: SCREENING TO BE COMPLETED BY OCMC STAFF

letion of all required forms

y to meet the minimum qualifications

PASS/FAIL SCORE:	Pass	Pass	Pass	

HOSE WHO HAVE BEEN DETERMINED TO HAVE MET THE SCREENING CRITERIA ABOVE, OFFERS WILL
TED BY THE EVALUATION PANELISTS PER THE FOLLOWING EVALUATION CRITERIA

PROPOSALS SCORED

	Reviewer	Argent/Paralign		CompSpec. Inc.		Health Advocates			
OF WORK: 15 PTS									
OOR	*R1*	12		6		13			
ARGINAL	*R2*	11		8		11			
CEPTABLE	*R3*	11		9		12			
CEEDS	*R4*	13		8		12			
			AVG		AVG		AVG		AVG
			11.75		7.75		12.00		0.00
T RELEVANT EXPERIENCE: 20 PTS									
OOR	*R1*	16		7		17			
ARGINAL	*R2*	16		11		15			
CEPTABLE	*R3*	17		10		16			
CEEDS	*R4*	16		9		15			
			AVG		AVG		AVG		AVG
			16.25		9.25		15.75		0.00
SSIONAL BACKGROUND: 15 PTS									
OOR	*R1*	12		8		11			
ARGINAL	*R2*	12		8		12			
CEPTABLE	*R3*	13		8		13			
CEEDS	*R4*	13		7		14			
			AVG		AVG		AVG		AVG
			12.50		7.75		12.50		
TY OF PAST & PRESENT PROJECTS: 25 PTS									
OOR	*R1*	18		9		20			
ARGINAL	*R2*	15		12		18			
CEPTABLE	*R3*	17		10		20			
CEEDS	*R4*	17		10		18			
			AVG		AVG		AVG		AVG
			16.75		10.25		19.00		0.00

THE REMAINING SCORING WILL BE COMPLETED BY OCMC

OTAL COST: 25 PTS.

BID RATE:	20.83	25.00	21.52	

ASSIGN MAXIMUM POINTS TO THE LOWEST BID RATE. FOR ALL OTHER RATES, DIVIDE EACH RATE INTO THE LOWEST RATE
MULTIPLY "X"% TIMES MAXIMUM POINT.

VIEW POINTS - 30 Points		21.25		24.50		25.75		
SUBTOTAL:		99.33		84.50		106.52		0.00
CERTIFICATION NUMBER:								
NO; IF YES, ENTER NUMBER:	no		no		no			
RENCE - FOR PROFIT ONLY:	%		%		%		%	
or WBE (51% & above)	0	0.00	0%	0.00	0%	0.00	0	0.00
	0	0.00	0	0.00	0	0.00	0	0.00
LBE only or MBE/WBE less 35%	0	0.00	0	0.00	0	0.00	0	0.00
MBE or WBE = or exceeds 35%, less 40%	0	0.00	0	0.00	0	0.00	0	0.00
w/ LBE/MBE or WBE = or exceeds 40% but less 51%	0	0.00	0	0.00	0	0.00	0	0.00
w/ MBE or WBE = or exceeds 51%	0	0.00	0	0.00	0	0.00	0	0.00
TOTALS:		99.33		84.50		106.52		0.00

The following table represents the costs bid for the three vendors:

FOR EACH YEAR OF CONTRACT / REVENUES COLLECTED	COMPSPEC, INC RATES % OF AMOUNTS COLLECTED	HEALTH ADVOCATES RATES % OF AMOUNTS COLLECTED	PARALIGN RATES % OF AMOUNTS COLLECTED
$ 0 to $1,500,000	16%	20%	20%
$1,500,001 to $2,000,000	15%	20%	20%
$2,000,001 to $3,000,000	15%	18%	18%
$3,000,001 to $4,000,000	15%	18%	17%
$4,000,001 to $5,000,000	14%	16%	17%
$5,000,001 to $6,000,000	14%	16%	17%
$6,000,001 and over	14%	14%	17%
TOTAL SCORE OUT OF POSSIBLE 140 PTS*	84.50	106.52	99.33

*Of the total possible points, 130 points are attributed to the criteria as shown on the RFP scoring sheet, and an additional 10 points are allocated for MBE/WBE certification. None of the three bidders qualified for the additional 10 points.

4. The letter informing Health Advocates that it had been selected for contract negotiations was dated August 28, 2001. The Health Advocates, LLP contract was approved by the Health Commission on October 16, 2001.

5. There were no problems or issues with this Request for Proposal process.

Item 5 - File 01-1830

Department: San Francisco Public Library (SFPL)

Item: Hearing to consider the release of reserved funds for the San Francisco Public Library in the amount of $230,000 to fund the Main Library's Radio Repeater Project and $20,000 for the Main Library's Audio/Visual Design Project for Koret Auditorium, for a total release of reserves of $250,000.

Amount:

Radio Repeater Project	$230,000
Audio/Visual Design Project	20,000
TOTAL	$250,000

Source of Funds: Library Improvement Bond Funds [1]

Description: The proposed request from the Public Library is to release $250,000 previously reserved by the Board of Supervisors for the Main Library's Radio Repeater Project and the Audio/Visual Design Project for Koret Auditorium at the Main Library. The funds for these two projects, totaling $250,000, were placed on reserve by the Finance Committee at its meeting of April 25, 2001, pending clarification of cost estimates provided for the Radio Repeater Project and pending contract selection and submission of budget details, including hours and hourly rates, for the Audio/Visual Design Project (File 01-0551).

The subject two projects are Main Library building improvement projects recommended in the Post Occupancy Evaluation (POE) report (see Comment No. 1) of the Main Library.

Radio Repeater Project

According to Mr. George Nichols from the Public Library, radio signals cannot be received in the following areas of the Library Facilities: (a) the underground storage area in Brooks Hall; (b) the loading dock; and (c) the outer ring of the lower level of the Main Library, including the Koret

[1] The Library Improvement Bond Fund monies are from the voter-approved 1988 Library Improvement Bond for $109,527,000.

Auditorium, the Latino Hispanic Community Meeting Rooms and public restrooms. Mr. Nichols advises that because these areas do not allow for radio transmission, Library personnel, contractors, and emergency personnel working in those areas are at risk in the event of an emergency because radio communication cannot take place.

The Radio Repeater Project would wire and install transmitting devices to provide needed radio signals for normal operations and emergencies so that radio transmissions can take place in all areas of the Main Library and in Brooks Hall. The radio repeater system would provide communication capabilities in the Main Library that are fully compatible with the City's 800 MHz Emergency Radio Service. According to Mr. Nichols, the Radio Repeater System Project, which is estimated to cost $230,000, will be managed by DTIS via an existing contract with Motorola. Motoroala has a subcontract with Mikom US, for the installation and testing of the equipment for the radio repeater system (see Comment No. 2).

Audio/Visual Design Project for Koret Auditorium

Mr. Nichols advises that Koret Auditorium is used for private group meetings, City Agency meetings, private events and varied public programming. Due to changes in technology used for meetings, presentations and programs, the existing audio/visual (A/V) technology in Koret Auditorium would be reconfigured and upgraded to meet demand.

Mr. Nichols advises that the A/V Design Project, which is estimated to cost $20,000, will be managed by the Department of Public Works (DPW). DPW will contract out to Smith, Fause & McDonald, Inc. to: (a) design a new A/V system for Koret Auditorium; (b) assist DPW in the selection of a contractor to install the A/V system it designs; and, (c) oversee the installation of the new A/V system (see Comment No. 4) for Koret Auditorium, including equipment testing. The installation of the new A/V system will be performed by an outside contractor who will be selected through a competitive bid process

after the subject design project is complete. The funds for the purchase and installation of the A/V system were appropriated under File 01-0551 in the amount of $57,000.

Budget:

The summary budgets for the requested release of reserved funds for the Radio Repeater Project and the Audio/Visual Design Project are as follows:

Radio Repeater Project	
Motorola Contractual Services	$52,573
Mikom U.S. Subcontract	145,509
Subtotal	$198,082
DTIS Project Management	12,110
Contingency	19,808
Total	$230,000

Audio/Visual Design Project	
Audio/Visual Design System	$12,265
Bid Phse Services	1,165
Construction Contract Administration	2,190
Testing	4,380
Total	$20,000

Attachment I, provided by the Public Library, contains budget details, including hours and hourly rates and project descriptions for both the Radio Repeater Project and the Audio/Visual Design Project.

Comments:

1. In 1999 the Public Library retained Ripley and Associates at a cost of $255,773 to conduct an independent Post Occupancy Evaluation (POE) of the Main Library to assess the Main Library's functionality. According to Mr. Nichols, the consultant had one architect and two library consultants on its team. Mr. Nichols states that the POE report based on the consultant team's findings was issued in January of 2000, outlining suggestions for improvements to the Main Library facilities which would cost an estimated $28,000,000, including $10,300,000 for the renovation and use of Brooks Hall[2].

[2] Brooks Hall is an underground facility connected to the Bill Graham Auditorium. Mr. Nichols states that the Public Library currently uses a portion of Brooks Hall for a variety of purposes including remote storage of government documents, back-issues of hard bound periodicals, City Archives, gift collections pending review and processing, the Public Library's book redistribution program and storage for furniture, fixtures, and equipment.

2. Ms. Jo Ann Hicks from the Emergency Communications Department advises that the City already has a contract with Motorola for emergency radio service at a cost of $42,332,124 for the City's 800 MHz Public Safety Radio System with a 10-yr master agreement that allows the City to purchase up to $1,000,000 annually in additional equipment above and beyond the base contract price for 800MHz Public Safety Radio System, which would include the costs of the Main Library's Radio Repeater System project. Ms. Hicks further advises that Motorola was selected through a Request for Proposal Process. The Public Library would purchase and install the necessary repeater system equipment under the $1,000,000 annual purchase agreement with Motorola.

3. As shown in Attachment I the hourly rate charged by Mikom U.S. is $125 per hour and the hourly rates charged by Motorola range from a low of $119 per hour to a high of $124 per hour. Mr. Nichols advises that $198,082 will be paid for the Radio Repeater System modifications with Motorola, plus $19,808 for contingency costs and $12,110 for DTIS project management (see Attachment I for budget details) for a total of $230,000 for the subject project. The total amount for the Radio Repeater System project of $230,000 will be work-ordered to DTIS if the proposed request is approved. Mr. Nichols further advises that according to Motorola, it would take approximately six weeks to order and receive the necessary equipment for the Radio Repeater Project and approximately eight weeks to install such equipment in the affected areas. Therefore, once the funds are released, the Radio Repeater Project should take a total of approximately 14 weeks to complete.

4. According to Mr. Nichols, DPW is currently in the process of finalizing a contract with Smith, Fause, McDonald, Inc. to conduct the A/V Design Project in the amount of $20,000. Mr. Nichols advises in the attached memorandum (Attachment II), that because the contract amount is less than $25,000 and no MBE/WBE/LBE vendors who provide this service are currently registered with the Human Rights Commission, DPW can award a

contract through an informal selection process[3]. Additionally, Mr. Nichols reports that Smith, Fause, McDonald, Inc. had subcontracted with Ripley and Associates to conduct the Main Library's Post Occupancy Evaluation of Koret Auditorium.

5. As shown in Attachment I the hourly rates charged by Smith, Fause & McDonald, Inc. range from a low of $83.48 per hour to a high of $125 per hour. If the proposed request is approved, Mr. Nichols advises that the A/V Design Project would take a total of twelve weeks to complete and the $20,000 would be transferred to DPW to complete the subject project.

Recommendation: Release the requested $250,000 in reserved funds.

[3] Section 6.40 of the Administrative Code states that when a contract for outside temporary professional design, consultant or construction management services exceeds $25,000, then the department must procure such services through a competitive bid process based on qualifications.

1. Radio Repeater Project (Motorola)

This project will address fire life safety issues that exist in the lower level of the Main Library and Brooks Hall. There are numerous "dead" areas in the building where radio signals and emergency communication cannot take place. These areas include the underground storage area (Brooks Hall), the loading dock, and the outer ring of the lower level of the building, which includes the Koret Auditorium, Latino Hispanic Community Meeting Rooms, and public restrooms. Because of these "dead" areas, Library personnel, contractors, and emergency personnel working in these areas cannot communicate via two-way radio placing them at risk in the event of an emergency. The radio repeater system will allow for radio transmission in all areas of the Main Library and in Brooks Hall. Transmitting devices will be wired and installed which will provide needed radio signaling necessary for normal operations and for emergencies.

The system will provide communication capability in the Main Library consistent with the City's 800 MHz Emergency Radio Service. The proposed project will enhance the Library's existing system by providing coverage for the portions of the Main Library building determined to have unsatisfactory radio reception and transmission for the 800 MHz system. Mikom U.S., a division of Allen Telecom, Inc., will be responsible for installing equipment and commissioning[1] the system. Motorola will provide project management, engineering, and additional testing services[2]. Under the Master Agreement with Motorola, Mikom U.S. is a designated subcontractor for this application. The cost estimate provided by Mikom U.S. includes all equipment components, cabling, fiber splicing, and interconnect links. Mikom's price also includes all labor for system installation and commissioning. DTIS advises that the project costs – including Motorola's mark-ups, engineering, and testing costs – are consistent with cost factors stipulated in the existing Master Agreement and with costs associated with other projects included in the upgrade of the City's 800 MHz Emergency Radio System.

Motorola's estimate is based on the following assumptions:

	Comments	Cost/Unit	Units	Cost
MIKOM U.S.				**$145,509**
Equipment	See attached estimate			$42,865
Sales Tax (Equipment)	8.5%			3,644
Project Management		$125.00	40 hours	5,000
Labor (Subtotal)	Composite or average cost/unit.			94,000
Installation	Reflects costs for engineers,	$125.00	728 hours	91,000
Design – Site Survey	installers, technicians.	$125.00	8 hours	1,000
Commissioning		$125.00	16 hours	2,000
MOTOROLA				**$52,573**
Markup	20% factor per Master Agreement			$28,373
Labor (Subtotal)				24,200
Project Management		$119	120 (hrs)	14,280
Engineering		$124	40 (hrs)	4,960
Testing		$124	40 (hrs)	4,960
TOTAL CONSTRUCTION CONTRACT				**$198,082**
DTIS (Project Management)	6.1% of Construction Contract			12,110
CONTINGENCY	10% Contingency			19,808
TOTAL PROJECT				**$230,000**

[1] Includes detailed testing and adjustment of system components to ensure signals are within specification.
[2] Includes operational/functional testing of the system as a whole. This will ensure that the new system works with the existing system.

2. **Audio/Visual Design Project (Smith, Fause & McDonald, Inc.):**

The Post Occupancy Evaluation (POE) Report of the Main Library found deficiencies with the existing audio/video (A/V) systems in the Koret Auditorium. The use of the auditorium has exceeded initial expectations. It has become a significant resource for community group meetings, City Agency meetings, private events, and varied public programming. Due to changes in the technology used for meetings, presentations, and programs the existing A/V system in the Koret Auditorium must be reconfigured and upgraded to meet demand. Services provided by SFMI include audio/visual system design, bid-phase services, and construction contract administration. A/V system design services include project scoping, review of functional requirements, impacts on architectural, structural, and electrical elements of the auditorium, preparation of specifications and schematics, and cost estimating. Bid-phase services include evaluation of potential bidders in regard to capability to execute the design, assist in the development of an RFP, participate in a pre-bid conference with potential bidders, and review of bid documents. Construction contract administration includes review of submittals, monitoring of work, reporting, and performance testing and checkout related to contractor proof of performance upon completion of work.

SFMI's estimate is based on the following assumptions:

	Comments	Cost/Unit	Units	Cost
Audio/Visual System Design				**$12,265**
Digitizing Services	Digitize existing design/as-built drawings (at cost via outside service)			2,500
Client Meetings	Principals	$125.00	9 hours	1,125
Design Team Coord.	Principals/Engineers. Composite or average cost/unit based on personnel on attached breakdown provided by vendor.	$107.50	16 hours	1,720
Design Development	Principals/Engineers. Composite or average cost/unit based on personnel on attached breakdown provided by vendor.	$110.00	28 hours	3,080
Contract Documents (Drawings & Specs)	Principals/Engineers/Drafters. Composite or average cost/unit based on personnel on attached breakdown provided by vendor.	$83.48	46 hours	3,840
Bid Phase Services				**$1,165**
Contractor Notification	Engineers	$90.00	4 hours	360
Walk Through	Principals	$125.00	1 hour	125
Bid Clarifications	Principals/Engineers. Composite or average cost/unit based on personnel on attached breakdown provided by vendor.	$113.33	6 hours	680
Construction Contract Administration – Tech Systems				**$2,190**
Shop Drawing Reviews	Engineers	$90.00	5 hours	450
Submittal Reviews	Engineers	$90.00	6 hours	540
Construction Walk-through	Principals	$125.00	2 hour	250
Contractor Coordination	Principals/Engineers. Composite or average cost/unit based on personnel on attached breakdown provided by vendor.	$113.33	7 hours	700
Final System Testing	Principals	$125.00	2 hour	250
Testing	**See attached estimate for details. (Testing equipment usage charges – costs not to exceed)**			**4,380**
TOTAL CONTRACT				**$20,000**

San Francisco Public Library
100 Larkin Street, San Francisco, CA 94102

October 23, 2001

TO: Maureen Singleton, Budget Analyst
Budget Analyst's Office

FR: George Nichols, Finance Director

RE: FILE 01-1830: RELEASE OF RESERVE

We have been advised by DPW that the proposed contract for audio-visual design services can be awarded through an informal process under Section 6.40 of the CCSF Administrative Code. This section allows awarding of a professional service contract for A/E design after obtaining a single vendor quote if the contract is less than $25,000 and no MBE/WBE/LBE vendors are registered with the HRC. We have been advised that at this time, there are no qualified A/V vendors registered with HRC. In this case we anticipate awarding the Contract to Smith, Fause, & McDonald Inc. SFMI is very familiar with the project having worked with the Library on an initial assessment that was done for the POE Report.

cc: Susan Hildreth, City Librarian

Item 6 - File 01-1738

Department: Public Utilities Commission (PUC)
Real Estate Division

Item: Resolution authorizing an exchange of easements in the Niles District of the City of Fremont between the PUC-owned Niles Reservoir Property, Alameda County Water District–owned Property (ACWD) and George Emmett Revocable Trust-owned Property (Emmett) and authorizing a quitclaim deed vacating a portion of the interest of the PUC in an existing tunnel easement encumbering the adjacent properties.

Description: The proposed resolution would amend provisions of an existing easement on a parcel of land located in the City of Fremont, granted to the PUC by the ACWD and Emmett properties. Currently the PUC has an unused easement consisting of a 262-foot long tunnel for a total of 12,500 square feet beneath the properties of ACWD and Emmett. Approximately 112 feet of the tunnel easement to be quitclaimed by the PUC is beneath the land of Emmett and 150 feet of tunnel easement to be quitclaimed by the PUC is beneath the land of ACWD. The tunnel easement once fed water to the Niles Reservoir located on land belonging to the PUC. According to the PUC the Niles Reservoir was constructed in 1924 and removed from service in 1980. The PUC-owned Niles Reservoir property consists of approximately 7.45 acres and the ACWD-owned property consists of approximately 4.28 acres and the Emmett property consists of approximately 1.22 acres. The PUC, ACWD and Emmett have also agreed to grant the City of Fremont additional surface rights through new right-of-way easements (see Comment PUC 1).

The proposed exchange of land between the PUC, ACWD and Emmett would result in the PUC quitclaiming approximately 12,500 square feet of the tunnel easement beneath the ACWD and Emmett properties in exchange for the creation of approximately 30,554 square feet of new right-of-way access easements detailed in the Attachment to this report (see Attachment, Right of Way A, Right of Way B and Right of Way C). Each of the proposed new right-of-way access easements must be at

least 40 feet wide. According to Mr. Larry Jacobson of the Real Estate Division, an appraisal to determine the exact monetary value of the land to be exchanged between the PUC, ACWD and Emmett has not been conducted. Mr. Jacobson states further that the Real Estate Division determined that the PUC would gain superior easements and would be the principal benefactor because it would improve access to the parcel with the greatest potential for development, and that a formal appraisal would not be required.

The proposed easement exchange between the PUC, ACWD and Emmett is being requested by the three parties in anticipation that it will become a condition for approving any future development of any of the three properties. The City of Fremont will require that public street access be provided. Therefore, the PUC, ACWD and Emmett have agreed to the creation of 30,554 square feet of new proposed right-of-way access easements for the City of Fremont.

Comments:

1. According to Mr. Garrett Dowd of the PUC, the three parcels of land owned by the PUC, ACWD and Emmett currently have limited roadway access. Any future roadways along the new proposed easements would most likely be developed by a private developer and subsequently dedicated to the City of Fremont. Mr. Dowd also notes that the PUC will be proposing that the Niles Reservoir property be declared surplus property and sold. He adds that prior to such a sale, a resolution permitting the sale of the land would be brought before the Board of Supervisors for approval at a later date.

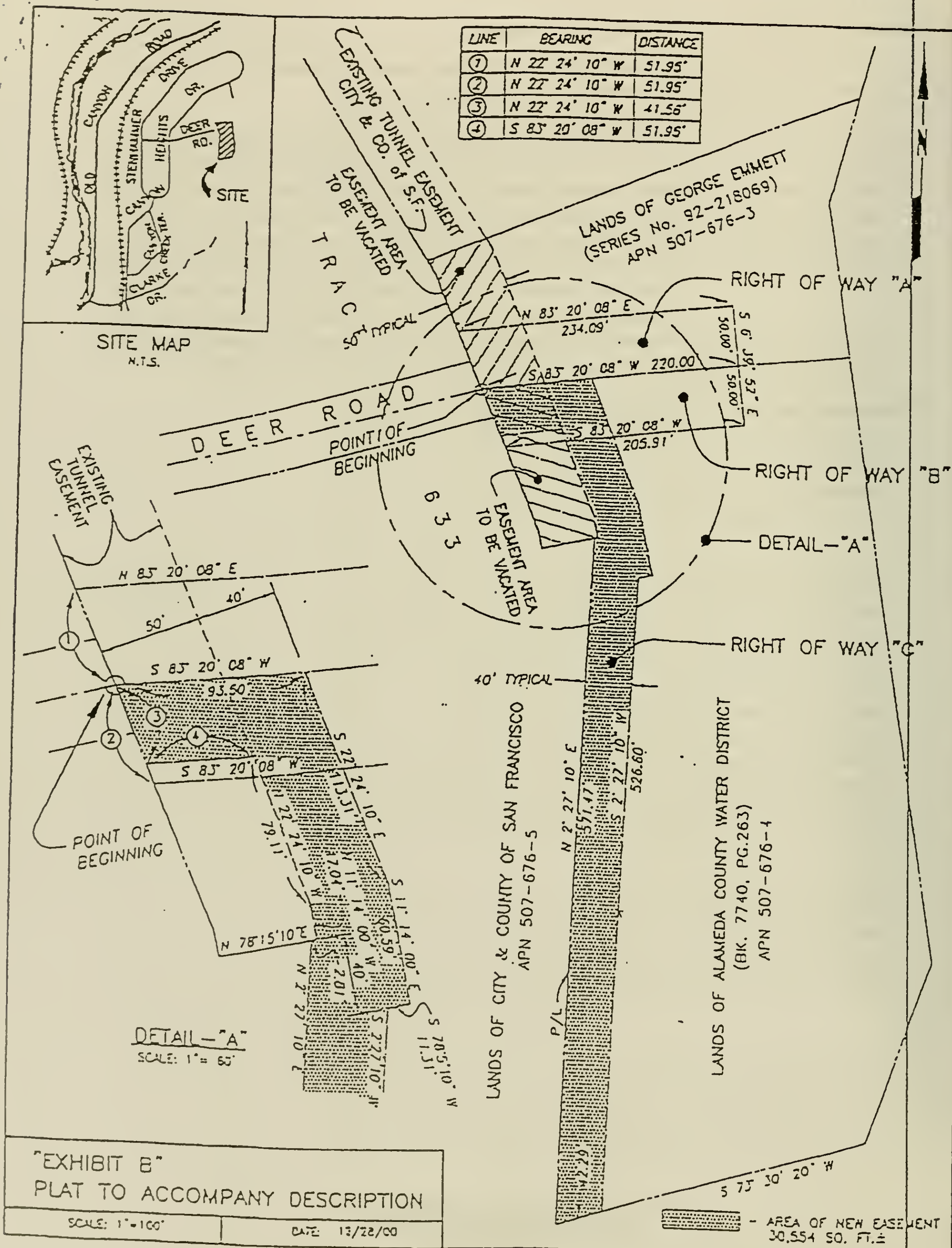
2. According Mr. Dowd, the proposed resolution authorizing the exchange of easement land between the PUC, AWCD and Emmett would result in no additional costs to the City. Mr. Dowd states further that there will be no exchange of public or private funds as a result of the proposed easement exchange.

3. Additionally, Mr. Dowd notes that the proposed easement exchange does not diminish the PUC's capacity for installing future water or other utility pipelines. Mr. Dowd notes that the PUC retired the easements being quitclaimed in 1980. Additionally, he notes that the

proposed new right of way access easements would create easier access to all three properties.

4. Mr. Dowd also states that the PUC's improved right-of-way access through the new 30,554 square foot right-of-way easement will dramatically improve the value of the PUC's Niles Reservoir property. He notes that while a formal appraisal of the Niles Reservoir property has not been performed, the PUC believes that the property could bring in between $1,500,000 to $2,000,000 once sold. Mr. Jacobson, agrees with this estimate, but notes that this estimate is based on the last property appraisal of the Niles Reservoir property conducted in June 1999.

Recommendation: Approve the proposed resolution.


LINE | BEARING | DISTANCE
1 | N 22° 24' 10" W | 51.95'
2 | N 22° 24' 10" W | 51.95'
3 | N 22° 24' 10" W | 41.56'
4 | S 83° 20' 08" W | 51.95'
SITE MAP
N.T.S.
SITE
DEER RD.
EXISTING TUNNEL EASEMENT CITY & CO. of S.F.
EASEMENT AREA TO BE VACATED
LANDS OF GEORGE EMMETT
(SERIES No. 92-218069)
APN 507-676-3
RIGHT OF WAY "A"
RIGHT OF WAY "B"
RIGHT OF WAY "C"
DETAIL—"A"
N 83° 20' 08" E
234.09'
S 83° 20' 08" W 220.00'
S 83° 20' 08" W
205.91'
50' TYPICAL
DEER ROAD
POINT OF BEGINNING
TRACT 633
EASEMENT AREA TO BE VACATED
EXISTING TUNNEL EASEMENT
N 83° 20' 08" E
40'
50'
S 83° 20' 08" W
93.50'
S 83° 20' 08" W
S 22° 24' 10" E
113.31'
N 22° 24' 10" W
79.11'
S 11° 14' 00" E
40.59'
N 11° 14' 00" W
N 78°15'10"E
N 2° 27' 10" E
S 2° 27' 10" W
S 70°5'10" W
11.31'
POINT OF BEGINNING
40' TYPICAL
N 2° 27' 10" E
571.47'
S 2° 27' 10" W
526.60'
P/L
LANDS OF CITY & COUNTY OF SAN FRANCISCO
APN 507-676-5
LANDS OF ALAMEDA COUNTY WATER DISTRICT
(BK. 7740, PG.263)
APN 507-676-4
DETAIL—"A"
SCALE: 1"= 60'
S 75° 30' 20" W
"EXHIBIT B"
PLAT TO ACCOMPANY DESCRIPTION
SCALE: 1"=100'
DATE: 12/22/00
- AREA OF NEW EASEMENT
30,554 SQ. FT.±

Item 7 - File 01-1828

Department: Public Utilities Commission (PUC)

Item: Resolution amending Resolution 720-99, which authorized the Public Utilities Commission to apply for and enter into loan agreements not to exceed $50,000,000 for the reimbursement of prior expenditures incurred for the construction of the Islais Creek/ Rankin Street Transport Storage Facilities, to (a) apply such reimbursed monies to defease certain bonds of the Clean Water Enterprise, and (b) authorize the application of a portion of such reimbursed monies to fund certain capital projects of the Clean Water Enterprise.

Description: In July of 1999, the Board of Supervisors approved Resolution 720-99, authorizing the PUC to enter into a loan agreement for up to $50,000,000 with the State Water Resources Control Board (SWRCB). When the Board of Supervisors adopted Resolution 720-99, the PUC proposed using these monies to defease[1] outstanding Series 1995 A and a portion of Series 1995 B Sewer Revenue Bonds, which had been issued for construction of sewage treatment facilities. The PUC received $50,000,000 in SWRCB loans between May, 2000, and January, 2001, but has not expended the $50,000,000 in loan proceeds. Rather than using the $50,000,000 SWRCB loan to defease the outstanding Series 1995 A and a portion of Series 1995 B Sewer Revenue Bonds, PUC is now requesting to expend the $50,000,000 in SWRCB loan proceeds as follows:

(a) $30,000,000 of the $50,000,000 SWRCB loan proceeds will be used to defease portions of the 1992 Sewer Refunding Bonds, 1994 Sewer Refunding Bonds and 1995 Sewer Revenue Bonds (see Comment 1), and
(b) $20,000,000 of the $50,000,000 SWRCB loan proceeds will be used to partially fund four capital projects (see Comment 4).

[1] Defeasance is the termination of all rights and interests of the bondholders upon final payment of all debt service.

Approval of the proposed resolution would amend Resolution 720-99 and authorize PUC to expend $30,000,000 of the $50,000,000 SWRCB loan to defease portions of the 1992 Sewer Refunding Bonds, 1994 Sewer Refunding Bonds and 1995 Sewer Revenue Bonds, and to expend $20,000,000 of the $50,000,000 SWRCB loan on four capital projects.

Comments:

1. As noted previously, when the Board of Supervisors adopted Resolution 720-99, the PUC proposed to expend $50,000,000 in SWRCB loan proceeds to defease outstanding Series 1995 A and a portion of Series 1995 B Sewer Revenue Bonds, which had a remaining 25-year life at that time. According to Mr. Eric Sandler of the PUC, the major debt service savings to the PUC of expending the $50,000,000 SWRCB loan to defease the Series 1995 A and B Sewer Revenue Bonds would have occurred in the final six years of the subject bonds, between 2020 and 2025. Rather than using the $50,000,000 SWRCB loan proceeds to defease outstanding Series 1995 A and a portion of Series 1995 B Sewer Revenue Bonds, the PUC now proposes to use $30,000,000 of the $50,000,000 loan proceeds to defease portions of the 1992 Sewer Refunding Bonds, 1994 Sewer Refunding Bonds and 1995 Sewer Revenue Bonds, with maturity dates between October 1, 2003 and October 1, 2005. Mr. Sandler states that defeasing these Bonds would provide maximum debt service relief during the time in which sewer and water rates are frozen, pursuant to Proposition H, which was approved by the San Francisco voters in 1996 and freezes sewer and water rates through FY 2005-2006.

2. According to Mr. Sandler, the weighted average interest rate of the $50,000,000 SWRCB loan is 2.9 percent and the weighted average interest rate of the bonds to be defeased is approximately 5.4 percent. Mr. Sandler states that the estimated net present value of the debt service savings for defeasing portions of the 1992 Sewer Refunding Bonds, 1994 Sewer Refunding Bonds and 1995 Sewer Revenue Bonds, with maturity dates between October 1, 2003 and October 1, 2005 is $4,037,156[2].

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[2] Present value calculated with a 4.5 percent discount rate.

3. As noted in the attached memorandum (Attachment), provided by the PUC, when the Board of Supervisors adopted Resolution 720-99 on August 6, 1999, the estimated present value of the debt service savings to expend the $50,000,000 SWRCB loan to defease the Series 1995 A and a proportion of Series 1995 B Sewer Revenue Bonds, as originally proposed by the PUC, was $19,002,997[3]. As Mr. Sandler states in the Attachment, "unexpected occurrences delayed the ultimate transaction" and the PUC did not expend the $50,000,000 to defease the subject bonds at that time. According to Mr. Sandler, between August of 1999 and the present date, interest rates have dropped significantly, which decreases the estimated present value of the debt service savings of defeasing the subject bonds to "substantially" less than the $19,002,997 estimate in August of 1999. Mr. Sandler advises that the PUC is requesting Board of Supervisors approval to re-allocate the $50,000,000 SWRCB loan proceeds to expend $30,000,000 of the SWRCB loan to defease portions of the 1992 Sewer Refunding Bonds, 1994 Sewer Refunding Bonds and 1995 Sewer Revenue Bonds, with an estimated present value of the debt service savings of $4,037,156, and to expend $20,000,000 to partially fund the costs of four capital projects because (a) the estimated present value of the debt service savings from expending the loan proceeds to defease $50,000,000 in outstanding Series 1995 A and B bonds is less than the original estimate of $19,002,997 because of the lower interest rates, (b) the defeasance of $30,000,000 of outstanding 1992 Sewer Refunding Bonds, 1994 Sewer Refunding Bonds and 1995 Sewer Revenue Bonds would yield debt service savings during the Proposition H period, and (c) the re-allocation of $20,000,000 to partially fund the four capital projects provides $20,000,000 in funding that would not otherwise be available in the FY 2001-2002 budget.

4. As Mr. Sandler states in the Attachment, "the decision to reserve $20 million to fund capital projects rather than direct the full $50 million towards defeasance results in an increased amount of Clean Water debt outstanding

[3] The estimated present value of debt service savings of $14,790,204 is based on a 4.5 percent discount rate.

relative that that which would remain outstanding should the PUC dedicate the full $50 million toward defeasance as it had contemplated in 1999". As noted in the Attachment, the PUC has approximately $91,000,000 in approved debt which has not yet been issued. Mr. Sandler advises that the principal amount of the SWRCB loan of $50,000,000 counts against the remaining approved debt of $91,000,000, thus reducing the PUC's approved debt capacity to $41,000,000.

5. In addition, the PUC proposes to expend $20,000,000 of the $50,000,000 loan proceeds to finance a portion of the costs for four Clean Water Enterprise capital projects, as follows:

Clean Water Enterprise Capital Projects	Total Estimated Project Cost	Total Amount of SWRCB Loan Proceeds Designated for Project	Total Amount of Estimated Project Costs Not Funded in FY 2001-2002 PUC Budget
Southeast Water Pollution Control Plant Solids Handling	$305,000,000	$15,000,000	$290,000,000
Southeast Water Pollution Control Plant Odor Control	1,500,000	1,500,000	0
South of Market Flood Control	30,565,000	2,500,000	28,065,000
North Point Pump Station	38,297,000	1,000,000	37,297,000
Total	**$375,362,000**	**$20,000,000**	**$355,362,000**

Mr. Philip Arnold of PUC states that the Board of Supervisors approved $20,000,000 in the FY 2001-2002 PUC capital budget for these four projects, which were identified by the PUC as high priority projects, and the Controller placed $20,000,000 for these four proposed projects on reserve, pending Board of Supervisors approval of the use of the loan proceeds that is the subject of this legislation.

6. $15,000,000 of the SWRCB loan proceeds would pay a portion of the preliminary design costs for the Southeast

Water Pollution Control Plant (SWPCP) solids handling facility, which would be relocated from the existing SWPCP sewer treatment facility, located at 750 Phelps Avenue. The proposed SWPCP solids handling facility project would involve the relocation of ten digester tanks from their present location to a new location and conversion and enclosure of the ten digester tanks into four egg-shaped vats. Mr. Arnold states that the PUC is currently conducting environmental reviews of several locations in San Francisco for relocation of the digester tanks and has not yet selected a specific location. According to Mr. Arnold, the total SWPCP solids handling facility capital costs are estimated to be $305,000,000 and the design costs are estimated to equal approximately $30,000,000. Mr. Arnold advises that the requested $15,000,000 in SWRCB loan proceeds would pay approximately one-half of the estimated $30,000,000 design costs for the SWPCP Solids Handling facility and the PUC would designate future funds to pay the remaining estimated design costs.

7. $1,500,000 of the SWRCB loan proceeds would pay total project costs, estimated to be $1,500,000, for odor control of solids and liquids at the existing SWPCP sewer treatment facility at 750 Phelps Avenue.

8. $2,500,000 of the SWRCB loan proceeds would pay preliminary design costs for the South of Market Flood Control project, with estimated total costs of $30,565,000. Mr. Arnold states that the South of Market Flood Control project includes the installation of new sewer lines, enlargement of existing sewer lines, and construction of pump stations in the South of Market neighborhood to improve storm water drainage.

9. $1,000,000 of the SWRCB loan proceeds would pay preliminary design costs for the North Point Pump Station upgrade, estimated to have total capital costs of $38,297,000, to increase the sewage processing capacity of the North Point Pump Station.

10. According to Mr. Arnold, the requested $20,000,000 in SWRCB loan proceeds would pay a portion of the costs for the four capital projects, as noted above. Mr. Arnold

states that the PUC would have to issue additional revenue bonds or apply for new State loans to pay the total capital costs of the four capital projects. According to Mr. Arnold, the PUC would need Board of Supervisors and voter authorization to issue new revenue bonds and would need Board of Supervisors approval to apply for and accept new State loans.

11. Mr. Arnold advises that $3,500,000 of the SWRCB loan proceeds, which the PUC currently proposes to allocate to pay a portion of the costs for the South of Market Flood Control project ($2,500,000) and the North Point Pump Station upgrade ($1,000,000), may be re-allocated to pay a portion of the Third Street Sewer Project costs. According to Mr. Arnold, the Third Street Sewer Project, which the PUC estimates will cost the PUC $17,000,000, would involve the relocation and rehabilitation of sewer lines along the Third Street corridor, in conjunction with the construction of the Third Street Light Rail Project. Mr. Arnold states that currently, one large sewer line runs under the proposed route for the Third Street Light Rail tracks. The PUC proposes to relocate the existing sewer lines by constructing two smaller sewer lines on either side of the proposed route for the Third Street Light Rail tracks to replace the one large sewer line. According to Mr. Arnold, the PUC has the authority to re-allocate funds approved by the Board of Supervisors for the South of Market Flood Control project and the North Point Pump Station upgrade without further Board of Supervisors approval.

12. The Controller has certified that: (a) the PUC has sufficient unencumbered balances to meet all SWRCB loan payments as they become due; and, (b) use of the SWRCB loan proceeds to finance the four proposed capital projects and to defease portions of the 1992 Sewer Refunding Bonds, 1994 Sewer Refunding Bonds and 1995 Sewer Revenue Bonds is the most cost-effective method of financing these purposes.

13. The Budget Analyst considers approval of the proposed resolution to be a policy matter for the Board of Supervisors because (a) it would reallocate SWRCB loan

proceeds from the original proposal to defease \$50,000,000 in outstanding Series 1995 A and a portion of Series 1995 B Sewer Revenue Bonds and apply \$20,000,000 of the \$50,000,000 SWRCB loan proceeds to a new use, by partially funding four capital projects, and (b) \$3,500,000 of the \$20,000,000 in SWRCB loan proceeds to be re-allocated to partially fund four capital projects may be applied to the costs of the proposed Third Street Sewer Project rather than the design costs of the South of Market Flood Control project and the North Point Pump Station upgrade project, as noted in Comment 11, without further Board of Supervisors approval.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors, as noted in Comment 13.

SFPUC
WATER
HETCH HETCHY WATER & POWER
CLEAN WATER

San Francisco
Public Utilities Commission

SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO

MEMORANDUM

DATE: 24 OCTOBER 2001

TO: SEVERIN CAMPBELL, BUDGET ANALYST, 415.252.0461

FROM: ERIC SANDLER, DIRECTOR OF FINANCIAL PLANNING

CC: KINGSLEY OKEREKE, DIRECTOR OF FINANCE

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION—CLEAN WATER SRF LOANS

Approved Debt of The Clean Water Enterprise

On November 4, 1994, the electorate of the City passed Proposition D authorizing the issuance by the Commission of $146,000,000 of general purpose sewer revenue bonds (the "Approved Debt") to provide funds for acquiring, constructing, improving and financing additions, betterments and improvements to the existing municipal sewage treatment and disposal system, including, without limitation, flood control and major rehabilitation and upgrading of existing systems and facilities.

Prior to acceptance of the SRF Loans, the Commission had issued approximately $55,000,000 of this Approved Debt with approximately $91,000,000 of Approved Debt remaining authorized and unissued. In accordance with Section 9.111-1 of the Charter, the principal amount of the SRF Loans counts against the remaining Approved Debt and will not increase the amount of Approved Debt.

Comparison of the Proposed Action with that Previously Before the Board

In July 1999, the Board Analyst issued its first report on a PUC action seeking to apply for and accept $50 million in SRF Clean Water loans, to reimburse itself for previous construction projects, and to use those reimbursed monies to defease clean water debt. At that time, savings from the defeasance were estimated to be approximately $19 million on a PV basis.

Unexpected occurrences delayed the ultimate transaction. Not only was the application and acceptance process protracted--final proceeds were received in January 2001, but also other PUC priorities such as the development of the CIP consumed staff time and attention.

During this time period, interest rates dropped significantly, negatively affecting the economics of a defeasance. Should the PUC choose to use the full $50 million to defease debt today, the PV savings would be substantially lower than the $19 million calculated in July, 1999.

Faced with today's lower interest rates (i.e. reduced savings from defeasance) and with the need to fund certain capital improvement projects, the PUC now seeks board approval for a different use of the SRF loan monies than it had contemplated in July 1999. The PUC seeks the use of only $30 million to defease debt, and $20 million to fund capital projects.

A combination of factors, including only $30 million dedicated to defeasance, lower interest rates, and a preference to yield savings during the Prop H period, contributes to a lower PV savings ($4 million) for this piece of the transaction than was previously contemplated in 1999.

Furthermore, the decision to reserve $20 million to fund capital projects rather than direct the full $50 million towards defeasance results in an increased amount of clean water debt outstanding relative to that which would remain outstanding should the PUC dedicate the full $50 million toward defeasance as it had contemplated in 1999.

Compared to the previous proposal, the proposed action seeks to fund important capital projects, forgo some defeasance savings and increase the amount of outstanding debt.

Status of the Capital Projects
Though the capital projects to be funded with this $20 million appear in the FY 2002 budget, the monies have been put on controller reserve and have not been spent, pending board action with respect to this transaction.

Items 8 and 9 - Files 01-1563 and 01-1735

REPORT SUMMARY

1. The Public Utilities Commission (PUC) is requesting approval of a Resolution approving the second year renewal (FY 2001-2002) of the Public Utilities Commission Program Management Services four-year Contract with the San Francisco Water Alliance (SFWA) including the release of FY 2001-2002 reserved funds in the amount of $5,950,000 for the SFWA contract (File 01-1563) and the release of reserved funds in the amount of $121,276 to fill a new 0954 Deputy Director IV position (File 01-1735). The PUC's FY 2001-2002 budget includes capital improvement project appropriations in the total amount of $15,000,000 (including $1,000,000 for PUC project costs, $6,000,000 for SFWA Program Management Office services and $8,000,000 for SFWA Project Management Services) for Contract Year 2, of which $5,950,000 for the SFWA Program Management Office has been placed on reserve by the Board of Supervisors.

2. Under the contract signed between the PUC and the San Francisco Water Alliance (SFWA of Contractor) on September 21, 2000, the SFWA provides program management services to the PUC to organize and implement its draft 10-year, $4,200,000,000 capital improvement program. At its August 14, 2001 meeting, the Public Utilities Commission agreed to forward a draft Long-term Strategic Plan, Ten Year Capital Improvement Program, and Long Range Finance Plan to the Mayor's Public Utilities Infrastructure Task Force for a 90-day review and public consultation period. The 90-day review period ends on November 12, 2001. In the meantime, the PUC will request that the SFWA perform a comprehensive review of the PUC's total capital improvement program costs. Both the Task Force's findings and the capital improvement program cost review are intended to be completed in time for the Board of Supervisors to consider, by November 21, 2001, the PUC's proposal that a capital improvement program bond issue be submitted to the voters on the March 5, 2002 ballot. If the November 21, 2001 deadline is not met, then the next available ballot will not be until November of 2002. The Budget Analyst notes that after the completion of the 90-day review period on November 12, 2001, the next regularly scheduled meeting of the Public Utilities Commission is November 13, 2001, which allows no time for inclusion of public comments received at the end of the review period prior to the Public Utilities Commission consideration of the revised planning documents. Also, this timeline allows little time for the Board of Supervisors to consider the proposal before the November 21, 2001 deadline for revenue bond submittals.

3. Attachment I to this report is a letter from Mr. Steve Leonard, as Acting General Manager of the PUC, and members of the Public Utilities Commission, stating

the reasons why the Public Utilities Commission is seeking to renew the subject contract for a second year. Attachment II is a letter from PUC General Manager Patricia Martel, explaining the PUC recommendation to release the $121,276 in reserved funds for the 0954 Deputy Director IV position.

4. A total of 16 PUC project managers have assessed the SFWA's work on task orders in terms of (a) quality of the work, (b) adherence to the project schedule, (c) adherence to the project budget, and (d) task management. Based on these four criteria, PUC project managers assessed SFWA's performance on the 28 task orders issued for which data was available listed in Attachment II, provided by the PUC. This assessment found that the SFWA generally met or exceeded expectations based on the criteria listed above, as shown in Table 2 of this report.

5. External reviews of the SFWA contract have been conducted by an independent Peer Review Panel and the Office of the Controller. The Peer Review Panel's report is summarized in Comment 3 of this report. One recommendation of the Peer Review Panel's report is that performance measures should be established within each task order issued to the SFWA by the PUC. The Budget Analyst concurs with the Panel's recommendation to include specific performance measures within each task order and recommends that the SFWA contract be amended to incorporate this procedure as a contract requirement.

6. The Controller's audit report is summarized in Comment 4 of this report. The Budget Analyst notes that the SFWA contract requires an annual audit by the Controller of Contractor cost and performance. However, because the Controller's two audits during contract year one were conducted after six months and nine months, the SFWA's work on many assigned tasks was in progress and not conducive to a performance audit review. The Budget Analyst recommends that the Controller's future audits of the SFWA contract also include detailed reviews, on a sample basis, of SFWA's performance on specific task orders.

7. The SFWA contract contains short-term and long-term key performance measures, and related goals and objectives. Comment 5 of this report is a discussion of the PUC's evaluation of the SFWA's performance during Contract Year 1. Comment 5 includes two tables (Table 3 and Table 4) summarizing SFWA performance against the contractually specified performance measures.

   The PUC's evaluation of short term key performance measure 7, regarding measurement of performance related to the earning of the Performance Fee, is "*Partially Achieved*". The subject contract includes an incentive-based fee beginning in Contract Year 2, which would be calculated every six months and has a Contract Year 2 maximum of 4.5 percent of total contract costs. For FY 2001-2002, the PUC and the Contractor have agreed on 35 short-term goals for the first six-month evaluation and 22 goals for the second six-month evaluation

or a total of 57 goals. As shown in Attachment IV, provided by the PUC, these 57 goals are grouped in terms of their contribution to the eight long-term key performance measures. The Contractor's performance against these goals, as determined by the PUC, will be used to assess the incentive fee. The incentive fee, in the amount of $630,000 (or 4.5 percent of total contract costs for Contract Year 2 of $14,000,000) is included in the $14,000,000 budgeted in FY 2001-2002 for the SFWA Program Management Office. Payment of the incentive fee is a PUC management decision and is not subject to specific approval either by the Public Utilities Commission or by the Board of Supervisors.

The Budget Analyst recommends that the SFWA contract be amended such that payment of the incentive fee (amounting to as much as $630,000 in Contract Year 2) be subject to Public Utilities Commission and Board of Supervisors approval. The Budget Analyst further recommends that the incentive fee goals for Contract Year 2 specifically include a quantifiable objective for timely completion of PUC approved task orders.

8. SFWA performance against most of the long term key performance measures have been determined to be "Ongoing" insofar as Contractor work in these areas is either not yet complete or has not produced an end product that can be evaluated. However, SFWA performance against long term key performance measure 1, concerning Overall Program Savings has been found to be "Speculative" by the PUC. The Contractor believes that the combination of alternatives analyses, an owner-controlled insurance policy, project labor agreements, and new plans and procedures could result in savings of between $205,000,000 and $420,000,000 between Contract Years 2 and 4.

   The Budget Analyst concurs that the achievement of such savings is highly speculative at this time based on the lack of specific performance in this area to date. Also, there has been no noteworthy demonstration of accomplishment in the area of achieving long term savings on capital improvement projects. Without a significant demonstration of reduced capital improvement program costs as a direct result of the Contractor's contribution, this important factor in evaluating the Contractor performance remains unproven.

   The Budget Analyst recommends that the Controller's annual audits of contractor cost and performance verify the claimed overall program savings due specifically to the efforts of the SFWA.

   The Budget Analyst also notes that long term key performance measure 7 includes the objective to meet the planned expenditure profile for the identified projects ($1.38 billion) during the four year term of the SFWA contract. However, as noted in our report, funding is currently in place for only $580,200,771 of planned expenditure of $1,380,000,000 for the four year period of the contract.

9. The subject contract requires an audit of overhead fees, conducted in accordance with the standards of the Code of Federal Regulations, Federal Acquisition Regulations, is required prior to the end of Contract Year 1. According to the PUC, the audit has been conducted by Bechtel Infrastructure Corporation and the PUC is currently reviewing the draft audit report.

   In the professional judgment of the Budget Analyst, an audit of San Francisco Water Alliance overhead fees conducted by the Bechtel Corporation fails to meet the professional standards for independence required by either the General Accounting Office or Federal Acquisition Standards. Moreover, in August of 2000, the PUC had previously reported to the Budget Analyst and the Board of Supervisors that the overhead audit would be conducted by an independent auditor. The Budget Analyst therefore recommends that this audit be rejected by the PUC and that a separate, independent audit be prepared by an auditor selected by the Controller. The Budget Analyst further recommends that the SFWA reimburse the City in full for the cost of such an audit.

10. The PUC's Utilities Engineering Bureau (UEB) has total approved staffing of 240 positions, of which 70, or approximately 29.2 percent, are currently vacant. Although examinations were held on December 16, 2000 for a variety of engineering classifications, the Department of Human Resources (DHR) has still not released lists for most engineering classifications. Subject to DHR releasing the necessary lists, the UEB hopes to hire approximately 30 staff by December 31, 2001 thereby still leaving 40 vacancies of the current 70 vacant positions, in addition to any new vacancies which may be generated by future staff attrition. The Budget Analyst notes, that for all of FY 2000-2001, the PUC only managed to hire 22 new engineers, while losing 13 existing engineers, for a total net gain of nine engineers. The Budget Analyst further notes that the PUC's explanations for its ongoing difficulty in hiring additional engineers are identical to the explanations the PUC provided during the Finance Committee's review of the initial San Francisco Water Alliance contract in August of 2000. The PUC has not documented any progress to the Budget Analyst with respect to its ongoing problem of vacant positions.

    The Budget Analyst concludes that the PUC's failure to hire engineers and technical staff and fill the large number of vacant positions during Contract Year 1 will, if this pattern continues, severely limit the benefits to be achieved through professional development of PUC staff as a result of the work of the SFWA. Therefore, the Budget Analyst recommends that the PUC explore, with the Department of Human Resources, methods of streamlining the hiring process for engineers and technical staff. The Budget Analyst further recommends that the PUC and DHR report back to the Board of Supervisors on progress made toward increased hiring within three months.

CONCLUSION

Based on the Budget Analyst's review of information provided by the PUC and the Peer Review Panel report, the performance of the SFWA appears to have met the contractual requirements for Contract Year 1.

Three major concerns stand out, however, with respect to continuation of the Program Management function and the SFWA contract. First, the ability of the SFWA to achieve significant, actual documented savings for the PUC's $4,200,000,000 Capital Improvement Program remains unproven. The PUC itself states that achievement of this long term key performance measure is speculative. The Budget Analyst concurs that the achievement of such savings is highly speculative at this time based on the lack of performance in this area to date.

Second, while the Program Management Office was intended to be a fully integrated joint effort, involving PUC and SFWA staff, the Peer Review Panel's report indicates that such integration has not taken place. Instead, as reported in Comment 3, the Program Management Audit is not staffed and organized in the typical manner, the SFWA and PUC staff are not located in close proximity and the confusion exists about what portions of the Capital Improvement Program will be administered under the Program Management Office and the PUC's Utilities Engineering Bureau.

Third, the PUC's continued failure to fill vacant engineering and technical positions has obviously impaired the PUC's ability to perform routine facilities maintenance, develop and implement the long range Capital Improvement Program and effectively manage the Program Management Office that is to be staffed by both the SFWA and the PUC, including the overall oversight of the SFWA contract. In this regard, the Budget Analyst notes that a primary purpose of the SFWA contract is to develop PUC staff and improve their capability to assume all program management functions in the future. The Budget Analyst has not been provided with sufficient documentation that this proposed program is being achieved. The Budget Analyst notes that, if the PUC continues its pattern of being unable to recruit, develop and retain technical and engineering staff, then the PUC will become even more dependent on outside consultants to meet the critical need ofs the Capital Improvement Program and, perhaps, day-to-day facilities maintenance functions.

The Budget Analyst considers approval of the proposed resolution to be a policy matter for the Board of Supervisors. However, the Budget Analyst also has recommendations for specific amendments to the SFWA contract and to PUC procedures, should the SFWA contract be renewed.

Recommendations: 1. Because the contract renewal date for Contract Year 1 is September 22, 2001, the proposed resolution (File 01-1563) should be amended to provide for retroactivity.

2. The Budget Analyst concurs with the Peer Review Panel's recommendation to include specific performance measures within each task order and recommends that the SFWA contract be amended to incorporate this procedure as a contract requirement.

3. The Budget Analyst recommends that the Controller's future audits of the SFWA contract also include detailed reviews, on a sample basis, of SFWA's performance on specific task orders.

4. The Budget Analyst recommends that the SFWA contract be amended such that payment of the incentive fee (amounting to as much as $630,000 in Contract Year 2) be subject to Public Utilities Commission and Board of Supervisors approval.

5. The Budget Analyst recommends that the PUC amend the incentive fee goals for Contract Year 2 to specifically include a quantifiable objective for timely completion of PUC approved task orders.

6. The Budget Analyst recommends that the Controller's annual audits of contractor cost and performance specifically verify the claimed overall program savings due specifically to the efforts of the SFWA.

7. The Budget Analyst recommends that the audit of overhead fees by the Bechtel Corporation be rejected by the PUC and that a separate, independent audit be prepared by an auditor selected by the Controller. The Budget Analyst further recommends that the SFWA reimburse the City in full for the cost of such an audit.

8. The Budget Analyst recommends that the PUC explore, with the Department of Human Resources, methods of streamlining the hiring process for engineers and technical staff. The Budget Analyst further recommends that the PUC and DHR report back to the Board of Supervisors on progress

made toward increased hiring of engineers within three months.

9. Continue the proposed resolution (File 01-1563) pending submission of an amended SFWA contract that includes the amendments discussed in Recommendations 2 and 4 above.

10. Approval of File 01-1563, which would approve the second year renewal of the SFWA contract, and File 01-1735, the request to release $121,276 in reserved funds to fill the 0954 Deputy Director IV position, which were place on reserve pending the continuance of the SFWA contract, are policy decisions for the Board of Supervisors.

The full report concerning File 01-1563 and File 01-1735 follows this summary.

Items 8 and 9 - Files 01-1563 and 01-1735

Department: Public Utilities Commission (PUC)

Item: File 01-1563: Resolution approving the second year renewal (FY 2001-2002) of the Public Utilities Commission Program Management Services four-year Contract with the San Francisco Water Alliance (SFWA), a joint venture of Bechtel Infrastructure Corporation, The Jefferson Company, and Sverdrup Civil, Inc. The proposed resolution would also release FY 2001-2002 funds reserved by the Board of Supervisors in the amount of $5,950,000.

File 01-1735: Hearing to consider the release of reserved funds in the amount of $121,276 to fill a new 0954 Deputy Director IV position pending the continuance of the San Francisco Water Alliance contract.

Amount: File 01-1563: Up to $14,000,000 for Contract Year 2 (see Comment No. 8 for a break-down of this estimated cost). This amount comprises an estimated $6,000,000 for the Program Management Office, and an estimated $8,000,000 for Project Management Services[1]. In addition, $1,000,000 has been budgeted for PUC administration and contract oversight costs in the PUC's FY 2001-2002 budget (see Table 1 below), resulting in total project costs of up to $15,000,000 for FY 2001-2002.

The total four-year contract with SFWA is for a maximum amount not to exceed $45,000,000. The first year of the contract (September 22, 2000, the date of the first Notice to Proceed, through September 21, 2001) is expected to cost $8,000,000, of which $7,803,264 has been either paid to the SFWA ($4,966,793 through July 30, 2001) or encumbered ($2,836,471) for anticipated expenditures through the end of Contract Year 1. Mr. Jeet Bajwa, Project Manager for the PUC, advises that the PUC expects that the remaining $196,736 will be expended as of September 21, 2001, the end

[1] According to Mr. Bajwa, the Program Management Office task addresses (a) capital improvement program implementation, for example through its strategic planning input, (b) PUC staff training, and (c) management and administrative services common to the entire program. "Project Management Services" are the capital improvement project tasks which the contractor, SFWA performs once it has received specific task orders from the PUC. For example, in the Sunol Project, the SFWA has been given a task order to develop a contract monitoring schedule.

of Contract Year 1. As noted above, Contract Year 2 is expected to cost $14,000,000. Contract Year 3 is expected to cost $12,000,000, while Contract Year 4 is expected to cost $11,000,000, for a grand total not to exceed $45,000,000 over the four-year term of the contract.

Since each contract year is September 22 through September 21 of the following year, none of the contract years with SFWA fully correspond to the City's fiscal years. However, Mr. Bajwa advises that the funding for each contract year is budgeted on a project basis by fiscal year. Therefore, Contract Year 1 funding for September 22, 2000 through September 21, 2001 was budgeted in the PUC's FY 2000-2001 budget, and Contract Year 2 funding for September 22, 2001 through September 21, 2002 was budgeted in the PUC's FY 2001-2002 budget.

File 01-1735: The PUC's proposed FY 2001-2002 budget included funding for the proposed new 0954 Deputy Director IV position in the amount of $161,829 in salaries and fringe benefits. The Board of Supervisors approved the proposed new position and reserved nine months of salaries and fringe benefits in the amount of $121,276 pending the renewal of the San Francisco Water Alliance Contract.

Source of Funds: The PUC's FY 2001-2002 budget includes capital improvement project appropriations in the total amount of $15,000,000 for Contract Year 2, of which $5,950,000 for the SFWA Program Management Office has been placed on reserve by the Board of Supervisors, as detailed in Table 1 on the following page.

Table 1: FY 2001-2002 Capital Improvement Project Appropriations for SFWA - Contract Year 2

Capital Improvement Project Appropriation	PUC Project Expenditures	SFWA Expenditures	Total Expenditures	Board of Supervisors Reserves
Program Management Office				
Clean Water Program	$214,300	$1,285,700	$1,500,000	$750,000
Water Department - Suburban Wholesale Revenue	400,000	2,400,000	2,800,000	2,800,000
Water Department – City Retail Revenue	214,300	1,285,700	1,500,000	1,500,000
Hetch Hetchy	171,400	1,028,600	1,200,000	900,000
Subtotal:	1,000,000	6,000,000	7,000,000	5,950,000
Project Management Services				
Specific project task orders	0	8,000,000	8,000,000	0
Total:	$1,000,000	$14,000,000	$15,000,000	$5,950,000

The PUC's budgeted project expenditures of $1,000,000 comprise insurance, audit and review, equipment, computer servers, and labor costs in the PUC Utilities Engineering Bureau (UEB) related to the SFWA project budget for FY 2001-2002.

As stated in the proposed resolution, approval would also authorize the release of the Board of Supervisors reserve of $5,950,000 in the PUC's FY 2001-2002 budget.

Description: Under the contract signed between the PUC and the San Francisco Water Alliance (SFWA) (the Contractor) on September 21, 2000, the SFWA provides program management services to the PUC to organize and implement its draft 10-year, $4,200,000,000 capital improvement program[2]. Mr. Bajwa states that renewal of the subject contract would secure projected program cost savings by means of economies of scale, program efficiencies, project acceleration, streamlining of contracting strategies, consideration of innovative technologies,

[2] The $4.2 billion comprises approximately $3.5 billion for the capital improvement program construction costs, including future escalation of such costs, and $700 million for financing costs, a debt service reserve and capitalized interest costs.

value engineering[3], and controlled changes to the program's scope and schedule. Furthermore, Mr. Bajwa states that additional savings will be achieved through the establishment of program management procedures covering program/project monitoring and reporting, design activities, construction management, and professional development of PUC personnel. According to Mr. Bajwa, the subject contract is also intended to improve current UEB practices by building on the Contractor's experience in project management and implementation. Mr. Bajwa states that relying only on PUC employees to manage the PUC capital improvement program could lengthen the time taken to complete the capital improvement program which will result in increased costs due to limited UEB resources and the lack of UEB expertise in managing large programs.

The $4,200,000,000 for the 10-year capital improvement program is in addition to current capital appropriations. According to Mr. Phil Arnold of the PUC, the following funds are currently available for PUC capital projects: (a) $225,667,450 in Water Department FY 2001-2002 appropriations for capital projects, (b) the $38,155,000 FY 2001-2002 capital budget for Hetch Hetchy (c) the $34,650,000 FY 2001-2002 capital budget for the Clean Water Enterprise, (d) $182,495,000 in capital project appropriations from prior years which have not yet been expended or encumbered and (e) $99,233,321 in prior year capital project appropriations that are encumbered. This represents total available PUC capital improvement funding of $580,200,771 or approximately 13.8 percent of the estimated $4,200,000,000 required.

At its August 14, 2001 meeting, the Public Utilities Commission agreed to forward a draft Long-term Strategic Plan, Ten Year Capital Improvement Program, and Long Range Finance Plan to the Mayor's Public Utilities Infrastructure Task Force for a 90-day review and public consultation period. The 90-day review period ends on November 12, 2001. In the meantime, the PUC will request that the Contractor perform a comprehensive review of the PUC's total capital improvement program costs. Both the Task Force's findings and the capital improvement program cost review are intended to be completed in time for the

[3] "Value engineering" is the independent overview of a facilities plan, its design criteria, and its conception at no more than 20 percent of design completion, to ascertain how well and cost effectively a plan addresses the engineering problem it is meant to solve.

Board of Supervisors to consider, by November 21, 2001, the PUC's proposal that a capital improvement program bond issue be submitted to the voters on the March 5, 2002 ballot. If the November 21, 2001 deadline is not met, then the next available ballot will not be until November of 2002.

The Budget Analyst notes that after the completion of the 90-day review period on November 12, 2001, the next regularly scheduled meeting of the Public Utilities Commission is November 13, 2001, which allows no time for inclusion of public comments received at the end of the review period prior to the Public Utilities Commission consideration of the revised planning documents. Also, this timeline allows little time for the Board of Supervisors to consider the proposal before the November 21, 2001 deadline for revenue bond submittals.

As of the writing of this report, the PUC has not recommended the amount of the proposed revenue bond issue that would be placed before the voters. According to Mr. Arnold, the PUC is considering whether to recommend that a revenue bond measure be placed before the voters in the full amount of the Capital Improvement Program ($4,200,000,000) or that separate revenue bond measures in lesser amounts be submitted instead.

Mr. Bajwa advises that even if the proposed ballot measure did not go before the voters until November of 2002, the subject SFWA contract renewal would still be required so that the Contractor could continue to assist the PUC with:

- The development of policies, procedures, systems, and training programs to improve the PUC's ability to manage multiple capital improvement projects.
- Those capital improvement projects for which funding has been previously appropriated by the Board of Supervisors.

Contractual Terms: Key contractual terms and conditions are as follows:

- The City can, at its sole discretion, terminate the subject contract at any time during its term, for the City's convenience and without cause.
- The City has no obligation to fund the subject contract in lieu of funding other contracts.
- The PUC controls the Contractor's role and assignments in terms of an annual implementation plan based, in part, on

an annual performance review jointly conducted by the PUC and the Contractor. As a result of the annual performance review and the annual implementation plan, the City and the Contractor are required to determine the contractor staffing commitment during the next 12 months and the necessary contract budget.

- Contractor and City staff share City office space[4] and work in combined teams under PUC managers.
- Existing City staff are to be used to the fullest extent. City engineers (or third party contractors) are the Engineers of Record[5] and construction managers for all capital improvement projects. The Contractor must obtain written authorization from the City before (a) adding staff or subcontractors to its team, or (b) supplying personnel to provide expert services or to handle workload peaks.
- The Contractor is required to train PUC personnel in systems, techniques, or technology used by the Contractor.
- The Contractor is required to assign a core team of experienced individuals (named in the subject contract's appendices) for the duration of the contract. Replacements for key personnel are subject to the City's approval. Key personnel are specifically identified by name in the contract.
- The Contractor's performance is subject to third party audit.
- The Contractor reports monthly to the PUC on its performance.
- To prevent conflicts of interest, the Contractor cannot bid on PUC design proposals or construction contracts during the term of the subject contract. (However, subcontractors can bid if the UEB determines that there is no conflict of interest.)
- The Contractor is an independent consultant fully liable for its acts and omissions. The Contractor also has full liability for its subcontractors.
- During disputes, the Contractor and subcontractors waive all rights to discontinue services or seek any relief which

[4] According to Mr. Bajwa, the PUC spent $139,296 in FY 2000-2001 to renovate City office space at 875 Stevenson Street for contractor staff.

[5] The "engineer of record" is a State requirement that a certified engineer be legally responsible for approving the design of a capital improvement so that it is safe for public occupancy. The engineer of record assumes liability for the design for both the duration of the contract and for the subsequent warranty period. While the proposed contract does not allow the Contractor to assume this role, it would permit the Contractor to provide preliminary or conceptual engineering services and prepare schematic drawings to the extent necessary to define upcoming capital projects.

would stop or delay the progress of capital improvement projects.

The contract has a maximum four-year term. Within that term, the Controller is required each year to certify the availability of funds for the subject contract. Such certification would depend upon annual Board of Supervisors approval to continue the subject contract and appropriation of the necessary funds. Based on a direction by the Board of Supervisors, the subject contract requires the PUC to request the Controller to conduct a third party audit of the Contractor's cost and performance. In the event that the Board of Supervisors disapproves continuation, the contract would terminate with no liability on the part of the City. In the event that the Board of Supervisors does not act to disapprove continuation of the subject contract (provided the PUC has submitted the necessary performance reports in a timely fashion), the subject contract would continue throughout its four-year term.

Comments:

1. Attachment I is a letter from Mr. Steve Leonard, as Acting General Manager of the PUC, and members of the Public Utilities Commission, stating the reasons why the Public Utilities Commission is seeking to renew the subject contract for a second year. Attachment II is a letter from PUC General Manager Patricia Martel, explaining the PUC recommendation to release the $121,276 in reserved funds for the 0954 Deputy Director IV position.

PUC Contract Performance Reviews

2. A total of 16 PUC project managers have assessed Contractor work on task orders in terms of (a) quality of the work, (b) adherence to the project schedule, (c) adherence to the project budget, and (d) task management. Based on these four criteria, PUC project managers assessed the Contractor's performance on the 28 task orders issued for which data was available listed in Attachment II, provided by the PUC, as shown in Table 2 on the following page.

Table 2: PUC Assessment of 28 Task Orders Performed by the Contractor, October of 2000 through August of 2001

	Average Score*
Quality of Work	3.75
Adherence to Project Schedule	3.39
Adherence to Project Budget	3.68
Task Management	3.82

* Key
5 = Excellent; 4 = Exceeds expectations; 3 = Meets requirements
2 = Needs improvement; 1 = Poor

Approximately 15.2 percent of PUC project managers' scores were (17 out of a total of 112 ratings) "5 – Excellent." However, embedded in the above averages were three assessments (approximately 2.7 percent or three out of 112 ratings) rated as a "2 – Needs improvement." The three scores of "Needs Improvement" were related to the following task orders:

- In relation to Task Order No. 2, Startup and Team Building (which required the Contractor to prepare work, budget, and schedule statements for up to 20 task orders), the Contractor failed to submit proposals for two of the requested task orders according to the agreed timetable. According to Mr. Bajwa, the Contractor was delayed due to the time required by MBE subcontractors to hire the required staff.

- In relation to Task Order No. 4, Owner-controlled Insurance Policy (OCIP) Risk Assessment, the Contractor's draft OCIP report was due on November 20, 2000 but not delivered until December 7, 2000 with errors in the description of the capital improvement program. An updated draft was delivered on December 29, 2000, and a final report was provided on February 9, 2001 after incorporating PUC comments, according to Mr. Bajwa.

- In relation to Task Order No. 17, SCADA[6] – Assistant Project Manager, the Contractor took two months to recruit an

[6] Supervisory Control and Data Acquisition System (SCADA) uses automatic radio transmissions of data from remote sources to a central receiving station for recording and analysis. This permits remote monitoring and control of freshwater, wastewater, and collection systems.

Assistant Project Manager, rather than the three weeks expected. That individual was only retained for six weeks. In the following two months, the Contractor presented just one unsuitable replacement candidate. Subsequently, the PUC terminated Task Order No. 17 and made alternative arrangements to staff the function with PUC staff.

External Reviews

Peer Review Panel

3. When the Board of Supervisors originally approved the SFWA contract in August of 2000, the Finance Committee directed that an independent peer review be conducted of the SFWA's Contract Year 1 performance. In response, the PUC, with input from the Budget Analyst, has commissioned an independent peer review panel comprising Mr. Paul Findley and Mr. Peter Talbot of Malcolm Pirnie, Inc. (a private company of environmental engineers, scientists, and planners) and Mr. Douglas Selby, Deputy City Manager of the City of Las Vegas. Mr. Selby has a Ph.D. in Engineering and is responsible for large capital improvement projects in the City of Las Vegas. This peer review panel undertook its independent review between August 28, 2001 and September 7, 2001. The final Peer Review Panel report was transmitted to the Board of Supervisors on September 25, 2001.

The Panel interviewed PUC management and staff, interviewed Contractor personnel and reviewed documents. More detailed reviews of two task orders were conducted, as well as the Long Term Performance Measures included in the Contract.

While the Panel found that the PUC and the Contractor had achieved many accomplishments, and that PUC employees indicated a high degree of satisfaction with the services of the Contractor, specific concerns and recommendations reported by the panel include the following:

Task Order Performance

The Panel reviewed SFWA's work on two Task Orders in detail and discussed SFWA's performance on other task orders with all interviewees. The Panel found that the

training task order was completed and had the following comment on a cost control system task order:

> The second task order reviewed was the Program Management Information System (PMIS) Task Order (#023). This task order provides for development of a program-wide cost control system by SFWA. As of the issuance of this report, this development effort is 80-90 percent complete viewed in the context of the original scope. However, a major concern is the apparent lack of user input during the development of this system. This lack of user input may ultimately limit the functionality of the system and its compatibility with existing PUC work processes and systems and reduce project manager acceptance and use of PMIS. The Panel believes that senior management from both SFWA and the PUC should further address the lack of user input because of the importance of effective PMIS use to the long-term success of the program. The intended users of the system include PUC project managers and engineers.

Long Term Performance Measures

The Panel believes that a fundamental revision of the Long Term Key Performance Measures is required. First, the Panel believes that one of the key goals of the program is to have the PUC Capital Improvement Programs formally approved and adopted by the PUC. Concurrently, the program should adopt a mission statement that explains why the program exists.

Also, the Panel believes that performance measures should be established within each task order. This will eliminate the "disconnect" currently occurring between the task orders being issued and the previously defined performance measures. It will also force the authors of the task orders to think specifically about the objectives, work products, and desired outcomes of each task order.

The Budget Analyst concurs with the Panel's recommendation to include specific performance measures within each task order and recommends that the SFWA contract be amended to incorporate this procedure as a contract requirement.

Program Management Organization, Staffing, and Leadership

The Panel's observations of the SFWA and PUC/UEB indicate that, to date, the Program Management Office (PMO), staffed by a combination of the PUC and the SFWA, is not staffed and organized in the typical manner. The SFWA has mobilized staff to support a typical PMO, but the SFPUC commitment in terms of staffing and leadership is far less than would be expected for such a large capital program. The consensus opinion in the interviews was that SFWA performance, and the performance of the PMO, would be improved if SFPUC provides more leadership, staff involvement, and direction; the Panel agrees with this opinion. It is the Panel's opinion that unless the SFPUC makes a significant staff and leadership commitment to the PMO, the full advantages of having the SFWA under contract and a PMO structure in place will not be realized.

Program Management Organization Culture

The Panel observed that SFWA and the PUC staff involved in the program are not located in close proximity to each other in their offices located at 875 Stevenson St. Also, several senior PUC managers who have key roles in the program are located at 1155 Market Street. This physical separation of important Capital Improvement Program (CIP) "players" makes interaction and communication among SFWA and the PUC staff members who are assigned to the program more difficult.

Capital Improvement Program (CIP) Definition and Implementation

The Panel also heard comments that overlap existed among CIP projects and that the PUC's overall CIP program did not fully take into account the water supply and reliability planning work being done by the PUC planning unit. This situation appears to be creating confusion about what portions of the CIP will be administered under the Project Management Office and what current projects and/or future CIP work will

be administered by the PUC's UEB. The confusion also raises questions about the sequencing and priority of CIP projects. The Panel recommends that:

- Ownership and content of the CIP that will be carried out by the SFWA PMO should be better defined and communicated internally and externally.
- The draft CIP should be evaluated to ensure that operational issues are adequately addressed in the sequencing of projects within the CIP.
- CIP projects should be organized into interrelated groups, or systems, of projects, with each system having a unique set of strategic and operational objectives. Among other benefits this will facilitate presentation of the CIP within and outside of the PUC.
- Conceptual project development work should be accelerated in the second year of the contract and priority should be given to the largest projects. This effort will lead to valuable refinements in project cost estimates, schedules, and sequencing; and identification of public, environmental, and permit issues.
- The PMO should focus on future capital projects as much as possible, and should avoid excessive involvement in small repair and replacement projects that have been routinely handled in the past by the PUC's Operations Bureau and/or the PUC's UEB.

In addition, the Panel found that:

Considering the volume of work, financing steps that must be completed, the current capabilities of the organization, and the time that is still needed to build the Project Management Office necessary to execute the work, the Panel believes that the current schedule for completing the balance of the CIP within 10 years is not realistic. Conformance to project schedule can become an issue of program credibility that can have major political and financial implications. At this point in the development of the program, it would be advisable to have a longer horizon for completion. This schedule can be

reviewed on a regular basis and possibly shortened as the PMO gains capability and confidence.

- PMO resources should be focused at this time on developing the necessary information, documentation, and systems necessary to achieve program financing and execute future projects. The Panel believes that the PMO may not fully appreciate the amount of planning, engineering, scheduling, cost estimating, and public education work necessary for a successful bond election to finance the CIP. Furthermore, a large amount of work remains to be done to prepare for CIP implementation (e.g., completing the work already begun on PMO systems for cost and schedule control).

- Confusion exists as to the role of the PMO in design and construction management. The Panel understands that the UEB plans to undergo a significant hiring effort to staff up for CIP implementation. Current UEB staffing is approximately 170. The schedule calls for 80 employees to be added by the end of Fiscal Year 2001-2002, and 50 more during the implementation of the CIP. This will leave the UEB staffing at approximately 300. Even assuming full-time engagement of nearly all of these UEB staff on CIP projects, the Panel believes that the PUC/UEB will still need to rely on outside design consultants for a significant portion of the CIP design work, especially during the first years of CIP implementation while the PUC/UEB is still building its in-house staff. The contract prohibition on SFWA performing design work (a fairly common limitation in water/wastewater program management contracts) underscores the need for the PUC/UEB to staff up quickly and be prepared to effectively manage outside design consultants. An effective way to manage the necessary design effort is to develop streamlined standardized approaches (e.g., engineering and design standards) for procuring design consultants and managing their work efforts. The Panel believes that the SFWA budget, task orders, and Key Performance Measures (KPMs) for

next year should have a major emphasis in these areas commensurate with the PUC's expected reliance on outside design firms.

Controller's Nine Month Audit

4. In addition to the Peer Review Report, the Office of the Controller has undertaken audits of the first five months and the first nine months of Contract Year 1. The key findings from the nine-month audit, issued on October 2, 2001, are as follows:

- The Contractor, SFWA generally complied with payment provisions, but made errors in paying some of its staff. The Controller reviewed $478,640 our of the $1,816,353 in invoices that had been thus far submitted by the Contractor for payment and found that the PUC overpaid the Contractor by a net amount of $3,600. The Controller reported that the Contractor has credited the PUC with the full amount of the overpayment.

- The Contractor did not always submit required documents to support other direct charges. Therefore, the PUC disallowed $27,552 of the $139,245 in other direct charges which the Contractor had submitted to the PUC for payment.

- The PUC approved some other direct charges without sufficient support. The Contractor did not submit receipts to support $13,995 in other direct charges and the PUC approved payment for $8,739 of that amount. Also, the Contractor did not obtain prior approval from the PUC before incurring any of the other direct charges reviewed by the Controller.

- The Controller reported that the PUC generally found that the Contractor is satisfactorily completing tasks.

The Controller's audit report recommended that the PUC:

- Promptly inform the Contractor of any amounts that it disallows or does not pay so that the Contractor can provide the necessary documentation to support its expenses.

- Require the Contractor to review the billing rates for the invoices the Controller did not review to identify any other payroll errors made by the Contractor or its sub-consultants. The Contractor should submit its results to the PUC so that it can ensure that the Contractor and its sub-consultants are billing the proper rate for its employees by verifying that the employees' hourly rates in the invoices are the same as the hourly rates the employees are actually being paid, as long as the rates do not exceed the amounts allowed by the agreement. The PUC should also require the Contractor to reduce future invoices by the amounts that were overpaid as a result of the incorrectly charged employee hourly rates.

- Ensure that the Contractor is only billing for the hours that are paid to employees by requiring the pay registers and consultant time sheets be submitted with the invoices so that the PUC can verify that the hours paid match the hours billed.

- Require the Contractor to submit original receipts that support reimbursement requests for other direct charges. The PUC should not approve any payments for other direct charges without the receipts. The PUC should also make sure all parties are in agreement as to what constitutes other direct costs that will be reimbursed by the PUC. The PUC should also require the Contractor to reduce future invoices by the amounts that were overpaid as a result of the incorrectly charged other direct costs.

  The Controller's audit report also noted that the nine-month audit report found many of the same deficiencies found in the five-month audit report since the PUC requested the nine-month audit report immediately following completion of the five-month report.

The Budget Analyst notes that the SFWA contract requires an annual audit by the Controller of Contractor cost and performance. However, because the Controller's two audits during contract year one were conducted after six months and nine months, the SFWA's work on many assigned tasks was in progress and not conducive to a performance audit review. The Budget Analyst recommends that the

Controller's future audits of the SFWA contract also include detailed reviews, on a sample basis, of SFWA's performance on specific task orders.

Performance Measures

5. The subject contract contains short-term and long-term key performance measures, and related goals and objectives. These performance measures and their first year milestones form an Appendix incorporated by specific reference in the proposed contract. At the end of the first contract year, the Contractor's performance against each performance measure and milestone is required to be assessed in terms of improvement relative to the UEB's performance prior to the execution of the SFWA contract (the "baseline" measure). The Contractor's performance against the baseline is being used to determine the succeeding year's performance goals.

Short Term Key Performance Measures

Table 3, on the following page, shows the contractually specified short term key performance measures, a description of the goals and objectives associated with each performance measure and the PUC's assessment of the Contractor's performance.

Table 3: Short Term Key Performance Measures

Short Term 1st Year Key Performance	Measures Goals and Objectives	PUC Evaluation
1. Complete First Draft of CIP Plan within 3.5 months of receiving Request for Services	The 10- year CIP Plan will show the Cost Schedule Baseline for the Projects in the Program as Prioritized by the PUC. The Plan will be updated as required to reflect changing PUC requirements and CIP goals. This will allow the PUC to more accurately forecast financing requirements and identify MBE/ WBE contracting opportunities ahead of time. A consolidated program baseline cost and schedule will allow Engineering and Construction to combine similar contracts and achieve efficiencies in the program schedule and cost. A consistent and reliable CIP baseline cost and schedule database will allow consistent and realistic forecasting and monitoring of the program's progress and performance over the 10- year period.	Achieved

Short Term 1st Year Key Performance	Measures Goals and Objectives	PUC Evaluation
2. Meet MBE/ WBE Participation Targets for the SFWA required by Contract	The objective is to meet or exceed the overall MBE/ WBE Goals as set forth in the Contract. SFWA will attempt to provide training to all our sub contractors and JV partners as needed so they can increase their participation in this program, enhance their capabilities and grow as companies during this time.	Not Achieved
3. Develop a Training Program for SFPUC staff within 9 months	Training in areas such as Project Controls and Contracts management and additional training in Program Management, Change/ Risk Management, Safety and Health, will enhance the capabilities of the PUC Management team and allow them to carry on the PM task after the SFWA contract is completed.	Achieved
4. Complete preliminary SFPUC staff Assessment within 6 months	As assessment of the available PUC staff may enable the PUC to better utilize the existing staff as well as provide training to staff wanting to move into other work within PUC. This will also help the SFWA/ PUC teams identify potential candidates to fill positions in the CIP organization, as they become available. Training will also include on the job training, so in time a PUC individual can take over the positions currently occupied by a SFWA person.	Achieved
5. Provide Draft Monthly Reporting Format within 2 months	An easy to read and understand management level Monthly Progress Report of the overall program together with highlights, issues, current vs. budgeted progress and performance, as well as measurable and meaningful metrics needs to be developed. This will ensure consistent reporting at a program level for all level of users, and pro- active management decisions to be made in a cost effective and timely manner.	Achieved
6. Savings through value engineering and optioneering on selected first year projects.	Reduce the cost of identified tasks by 10% in year one. Potential tasks include: chloramination ($ 50M); Digester Upgrade ($ 200M+); and Moccasin Penstocks ($ 7M).	Achieved based on opportunities available in Contract Year 1
7. Develop a criteria and a methodology for measuring performance related to the earning of the Performance Fee (discussed below) within 6. months	A methodology for calculating Performance Fee will be developed for Years 2, 3 & 4.	Partially Achieved

As noted in Table 3 above, the PUC evaluation of short term key performance measure 2, concerning MBE/WBE participation, has not been achieved. The Contractor had a 30 percent participation goal for MBE participation and a 10 percent participation goal for WBE participation, for a total MBE/WBE participation goal of 40 percent. For the nine months ended June 30, 2001, MBE contract participants

earned $1,059,388, or approximately 24.7 percent of the Contractor's total billings of $4,293,801 which was lower than the 30 percent MBE participation goal. Therefore, this Short-term Key Performance Measure has not been achieved by the Contractor. According to Mr. Bajwa, WBE contract participants earned $576,686, or approximately 13.4 percent of the Contractor's total billings, which was higher than the 10 percent WBE participation goal. In total, MBE/WBE participants earned $1,636,074, or approximately 38.1 percent of the Contractor's total earnings, which was lower than the 40 percent total MBE/WBE participation goal.

Subsequent to this initial evaluation, Mr. Bajwa has reported that MBE/WBE participation has increased to 39 percent.

With regard to short term key performance measure 3 (development of training program) the Budget Analyst has reviewed evaluation material provided by the PUC. According to participant evaluations of training courses on cost estimating, project management, and construction management, and of a number of "brown bag" (lunchtime) presentations, the training provided by the Contractor in conjunction with UEB staff was largely considered to be useful and relevant. However, some concerns were expressed about the applicability of the "Fundamentals of Cost Estimating" course to those working within the City system. Course participants were not consistently requested to assign a numerical rating to the courses they were evaluating. However, the evaluation sheet for brown bag presentations asked training participants to evaluate the presentations on scales ranging from "poor" to "excellent." The majority of participants assigned ratings of "average" to "excellent" to different aspects of the individual brown bag presentations they had attended.

Also noted in Table 3, the PUC's evaluation of short term key performance measure 7, regarding measurement of performance related to the earning of the Performance Fee, is "*Partially Achieved*". The subject contract includes an incentive-based fee beginning in Contract Year 2, which would be calculated every six months and has a Contract Year 2 maximum of 4.5 percent of total contract costs. For FY 2001-2002, the PUC and the Contractor have agreed on 35 short-term goals for the first six-month evaluation and 22

goals for the second six-month evaluation or a total of 57 goals. As shown in Attachment IV, provided by Mr. Bajwa, these 57 goals are grouped in terms of their contribution to the eight long-term key performance measures discussed below. The Contractor's performance against these goals, as determined by the PUC, will be used to assess the incentive fee. The incentive fee, in the amount of $630,000 (or 4.5 percent of total contract costs for Contract Year 2 of $14,000,000) is included in the $14,000,000 budgeted in FY 2001-2002 for the SFWA Program Management Office. Payment of the incentive fee is a PUC management decision and is not subject to specific approval either by the Public Utilities Commission or by the Board of Supervisors.

The Budget Analyst has reviewed the PUC's draft Contract Year 2 incentive fee goals for Contract Year 2 to determine whether they are sufficiently specific in terms of timeframe, quantity and quality of items to be produced, and/or measurability of improvements to be achieved. Despite revisions made by the PUC to better define outcomes and products that can be evaluated (as recommended by the Budget Analyst) the Budget Analyst remains concerned that the following eight of the 57 proposed goals contained in Attachment IV are insufficiently specific and measurable for purposes of determining whether the Contractor has met the goals and earned the incentive fees because quantifiable targets for achievement are not identified:

1-19: Conduct targeted outreach to M/WBE non-bidders; make contact with M/WBE non-bidders from the list.
1-22: Assist in the formulation of a closeout team; participate in the tracking, reporting, and streamlining the closeout process.
1-24: Track engineers' estimates against bid prices (all bids received in will be entered into a database).
2-14: Develop/establish M/WBE list. Identify M/WBE firms not currently certified by the HRC and conduct targeted outreach.
2-24: Submit standard budgets for design activities (drawings, specifications, logs, calculations, etc.).

The Budget Analyst notes that the specific scoring process to be used to measure Contractor performance against the 57 goals will be established by a PUC review and approval

process which Mr. Bajwa advises is being developed currently by the UEB for review by both PUC management and the Contractor. However, it has already been determined that the evaluations provided by PUC project managers for the Contractor's performance on specific task orders will be considered in determining the incentive fee according to Mr. Bajwa.

As noted above, payment of the incentive fee is a PUC management decision and is not subject to specific approval either by the Public Utilities Commission or by the Board of Supervisors. The Budget Analyst recommends that the SFWA contract be amended such that payment of the incentive fee (amounting to as much as $630,000 in Contract Year 2) be subject to Public Utilities Commission and Board of Supervisors approval. The Budget Analyst further recommends that the incentive fee goals for Contract Year 2 specifically include a quantifiable objective for timely completion of PUC approved task orders.

Long Term Key Performance Measures

Table 4, below, shows the contractually specified eight long term key performance measures, a description of the goals and objectives associated with each performance measure and the PUC's assessment of the Contractor's performance against each long term key performance measure.

Table 4: Long Term Key Performance Measures

Long Term 4 Year Key Performance	Measures Goals and Objectives	PUC Evaluation of Performance
1. Overall program savings	Realize a net savings of at least 10% ($ 138 million) for the above projects.	Speculative
2. Project designs completed on schedule	Improve proportion of designs (started in this fiscal year or recently re- forecast) completed on schedule by 25% of baseline value in the first year. Projected targets for successive years are 10%, 10%, and 5%. These will be assessed at the end of each year to set the next year's goal. Currently according to the July 1999- March 2000 report 60% of the Design Projects are behind schedule.	Ongoing

Long Term 4 Year Key Performance	Measures Goals and Objectives	PUC Evaluation of Performance
3. Construction contracts substantially completed on schedule	Improve proportion of construction contracts (started or re-forecasted) in this fiscal year, achieving substantial completion on schedule by 25% of baseline value in the first year, and 10%, 10% and 5% in successive years. These future targets will be reassessed reach year to determine the new goal. Currently according to the July 1999-March 2000 report, 26% of the Construction Projects are behind schedule.	Ongoing
4. HRC goals for MBE/ WBE participation in construction contracts achieved	Monitor and control the aggregate MBE/ WBE participation as a proportion of HRC goals. The goal is to achieve 100% of the HRC goal.	Not yet applicable
5. Closeout construction contracts within 6 months of substantial completion	Closeout 80% of the contracts that are more than 6 months beyond their substantial completion dates at the time of the Notice to Proceed (NTP) of CIP. Set the goal for the second year contracts at the end of year one.	Ongoing
6. Accuracy of Engineer's Estimate	Improve proportion of Engineer's Estimates within 10% of median bid for contracts in excess of $3 Million. The improvement target for year one is 25%. This will be reassessed at the end of each succeeding year and a new goal set.	Contract Year 1 goal achieved
7. CIP expenditure progress	Meet the planned expenditure profile for the identified projects ($ 1.38 Billion)	Not yet applicable
8. Reduce total "services" costs (PM, Engr, CM Procurement, etc.) associated with the non-construction aspects of the program	Year 1 – Develop and implement a job hour tracking program by discipline, by job change for the CIP. Year 2 – Reduce service costs by a mutually agreed percent of above baseline.	Ongoing

As noted above, Contractor performance against most of the long term key performance measures have been determined to be "Ongoing" insofar as Contractor work in these areas is not yet complete or has not produced an end product that can be evaluated. However, as noted in Table 4, Contractor performance against long term key performance measure 1, concerning Overall Program Savings has been found to be "Speculative" by the PUC.

The Contractor believes that at least 10 percent savings can be achieved through (a) optioneering[7], (b) an owner-controlled insurance policy[8] (c) scheduling and phasing of projects to enable completion of all project elements so the project benefits can be realized as soon as possible, (d) an effective safety program, (e) project labor agreements which align labor and PUC management towards achieving the capital improvement program objectives, (f) new project controls, tools, and procedures, and (g) efficient closing out of projects which frees resources for allocation to new needs.

The Contractor believes that the combination of optioneering ($150,000,000 to $250,000,000), an owner-controlled insurance policy ($25,000,000 to $100,000,000), project labor agreements ($10,000,000 to $20,000,000), and new plans and procedures ($20,000,000 to $50,000,000) could result in savings of between $205,000,000 and $420,000,000 between Contract Years 2 and 4. These estimated savings will only be measurable as the projects near completion and final cost figures are known, according to Mr. Bajwa.

The Budget Analyst concurs that the achievement of such savings is highly speculative at this time based on the lack of specific performance in this area to date. Also, there has been no noteworthy demonstration of accomplishment in the area of achieving long term savings on capital improvement projects. Without a significant demonstration of reduced capital improvement program costs as a direct result of the Contractor's contribution, this important factor in evaluating the Contractor performance remains unproven.

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[7] "Optioneering" is a process which uses alternative analyses to (a) identify the real project needs, (b) determine the appropriate evaluation criteria, (c) evaluate solutions against those criteria, (d) select the optimum project, (e) define its design basis, and (f) obtain engineering and customer concurrence. The optioneering assessment should include capital and operating costs, specification requirements, environmental implications, and preliminary schedule.

[8] An owner-controlled insurance policy (OCIP) furnishes all of the insurance required by a project by a single carrier rather than by multiple carriers through individual construction contracts. This saves money by (a) reducing premium costs, (b) avoiding multiple coverage and associated coverage disputes, (c) bulk purchase of insurance, and (d) reduced costs by centralized claims handling and administration. The Contractor submitted an OCIP risk assessment report in February of 2001. Mr. Bajwa advises that the PUC is currently conducting a OCIP bidding process.

Furthermore, the PUC's evaluation of short term key performance measure 6, regarding *Savings through value engineering and optioneering on selected first year projects,* was that the performance measure was *Achieved based on the opportunities available in Contract Year 1.* The achievements reported by the PUC are as follows:

(a) $7,700,000 for the Chloramine Conversion Project, or 15.4 percent of its original $50,000,000 cost estimate.[9] The Contractor's review is ongoing.
(b) $4,000,000 for the Priest Bypass Project, or 40 percent of its original $10,000,000 cost estimate. However, according to Mr. Bajwa, this recommendation was not implemented due to the risks related to use of heavy construction equipment in a reservoir and the possibility of such reservoir construction work affecting water quality over an extended period of time.
(c) $50,000,000 for the Southeast Water Pollution Control Plant, or approximately 14.5 percent of its original $345,000,000 project cost estimate. The Contractor's review is ongoing.

The Budget Analyst recommends that the Controller's annual audits of contractor cost and performance verify the claimed overall program savings due specifically to the efforts of the SFWA.

The Budget Analyst also notes that long term key performance measure 7 includes the objective to meet the planned expenditure profile for the identified projects ($1.38 billion) during the four year term of the SFWA contract. However, as previously noted, funding is in place for only $580,200,771 of planned expenditure of $1,380,000,000 for the four year period of the contract.

<u>Contract Year 1 Costs</u>

6. The estimated costs of the first year of the subject contract (September 22, 2000 through September 21, 2001) is $8,000,000. Of the estimated amount of $8,000,000, the Contractor has billed $4,966,493 to date and the PUC has

[9] The Chloramine Conversion Project is larger than any project previously completed by the PUC, and would typically have been handled by an outside consultant.

encumbered $2,836,471 based on the estimated values of the task orders submitted to date, for a total cost to date of $7,803,264. Mr. Bajwa states that the Contractor did not perform any billable work prior to receiving the first Notice to Proceed on September 22, 2000. Table 4, below, provides a breakdown of Contractor hours, direct labor costs, overhead, fees and direct charges for each company involved in the San Francisco Water Alliance Joint Venture and subcontractors.

Table 4: Contract Year 1 Total Billings by Company as of July 30, 2001

Company	Hours	Direct Labor Costs	Overhead	Management Fee (8%)	Admin Fee (3%)	Other Direct Charges	Total
Bechtel Infrastructure	24,271	$ 978,369	$ 1,137,863	$ 169,301	$ 21,210	$330,437	$ 2,637,180
Jefferson	8,954	340,882	386,824	58,771	8,879	116,643	911,999
Sverdrup	1,020	60,768	63,199	9,631	2,614	28,946	165,158
Olivia	5,620	219,178	293,852	41,042	-	518	554,590
RMC	2,367	67,732	94,547	12,982	-	-	175,261
CPM	1,825	67,561	76,440	13,057	-	4,340	161,398
Galanti	80	11,200	-	-	-	408	11,608
Orion	643	27,446	34,371	4,945	-	-	66,762
Icenogle	1,328	70,607	76,575	11,775	-	-	158,957
Carollo	115	8,284	5,965	1,140	-	32	15,421
Aspeon	457	34,128	-	-	-	2,836	36,964
Whitted	759	31,082	34,839	5,274	-	-	71,195
Roja	-	-	-	-	-	-	-
Total	47,439	$ 1,917,237	$ 2,204,475	$ 327,918	$ 32,703	$484,160	$ 4,966,493

As shown above, the Contractor has billed a total of 47,437 hours between September 22, 2000 and July 30, 2001 at a total cost of $4,966,493. Therefore, the average hourly rate for the services provided including all costs is $104.70 per hour.

Audit of SFWA Overhead Fees

7. Appendix D of the subject contract requires an audit of overhead fees, conducted in accordance with the standards of the Code of Federal Regulations, Federal Acquisition Regulations, is required prior to the end of Contract Year 1. According to Mr. Bajwa, the audit has been conducted by Bechtel Infrastructure Corporation and the PUC is currently reviewing the draft audit report. The audit findings will be reviewed by the Controller's Office, according to Mr. Bajwa.

In the professional judgment of the Budget Analyst, an audit of San Francisco Water Alliance overhead fees conducted by the Bechtel Corporation fails to meet the professional standards for independence required by either the General Accounting Office[10] or Federal Acquisition Standards. Moreover, in August of 2000, the PUC had previously reported to the Budget Analyst and the Board of Supervisors that the overhead audit would be conducted by an independent auditor. The Budget Analyst therefore recommends that this audit be rejected by the PUC and that a separate, independent audit be prepared by an auditor selected by the Controller. The Budget Analyst further recommends that the SFWA reimburse the City in full for the cost of such an audit.

Contract Year 2 Costs

8. The estimated cost of the second year contract (exclusive of $1,000,000 budgeted in the PUC's FY 2001-2002 budget for UEB costs) is $14,000,000, as shown in Table 5 on the following page.

[10] United States General Accounting Office - Government Auditing Standards by the Comptroller General of the United States – 1994 Revision, Chapter 3.

Table 5: Year 2 Budget

Description	Cost	
Program Management Office		
Consultant direct costs	$4,181,472	
Sub-consultant direct costs	1,171,434	
Administration Fee[11]	35,143	
Management Fee[12]	611.951	
Subtotal		$6,000,000
Project Management Services		
Capital improvement program projects	8,000,000	
Subtotal		8,000,000
Total:		**$14,000,000**

Task Orders

9. The Contractor can only commence working on program management tasks once those tasks have been specified through a formal task order approval process. To date, the Contractor has received 40 such task orders. Attachment V, provided by PUC, contains a summary list of these 40 task orders. The Budget Analyst has reviewed the 40 task orders and has raised the following questions:

- A significant number of task orders have had their deadlines extended. without a budget increase, which suggests that the Contractor has failed to both meet the originally required deadlines and has failed to expend the allotted staff hours for the completion of the task order. For example, the following Task Orders were extended by

[11] The PUC pays an Administration Fee to the Contractor's joint venture partners of 3 percent of subcontractors' direct salaries plus overhead costs. This Administration Fee reimburses the Contractor joint venture partners for some of the administrative costs related to managing a number of MBE/WBE subcontractors.

[12] In Contract Year 1, the PUC pays a Management Fee to the Contractor of 8 percent of the Contractor's billing for work performed. This Management Fee does not include authorized pass-throughs for other direct costs or the fee amounts paid by the PUC for subcontractors' invoices. In Contract Year 2, this Management Fee reduces to 7 percent of the Contractor's billing for work performed.

the amounts of time shown: Nos. 002 (two months), 014 (five months), 018 (one month), 019 (five months), 021 (four months), 022 (three months), 023 (two months), 025 (six months), and 026 (four months).

According to the PUC's response, shown in Attachment VI, "in general, the extension of the period of performance was requested and granted to continue a level of effort or to perform additional scope as requested by the SFPUC."

However, the Budget Analyst's review of reasons for the extension as stated in the Task Order documents found that:

- Task Order No. 002: The stated reason for the extension was "*Time extension for startup and team building*" and there was no change in the scope of work.

- Task Orders No. 014, 018, and 019: the extended timeframes were required *"to accommodate the extended periods of review."* It's not clear from the PUC's explanation why the extended timeframes were required.

- Task Orders No. 021, 022, 023, and 025: the PUC's explanations in Attachment VI are not the same as its explanations documented in the revisions to the task order, which stated that *"The extension of the period of performance will allow the continuation of these activities without interruptions during the FY02 budget reviews and approval period."*

- Task Order 026: the PUC has made it clear that the Task Order was extended because of the PUC's recruitment difficulties.

As noted previously, the Budget Analyst recommends that the incentive fee goals for Contract Year 2 specifically include a quantifiable objective for timely completion of PUC approved task orders.

Personnel

10. During Contract Year 1 of the subject contract (September 22, 2000 through September 21, 2001), the Contractor has employed 40 FTE staff to work with the PUC. The Contractor anticipates employing 29 FTE Program Management Office staff for 55,104 hours during Year 2 of the subject contract. Mr. Bajwa states that no PUC staff have become employees of the Contractor.

11. The UEB has total approved staffing of 240 positions, of which 70, or approximately 29.2 percent, are currently vacant. Although examinations were held on December 16, 2000 for a variety of engineering classifications, the Department of Human Resources (DHR) has still not released lists for most engineering classifications. Consequently, as of August of 2001, only the Classification 5207 Associate Engineer list has been certified by DHR, from which the UEB has requisitioned eight positions. As there are currently no certified lists from which to hire Assistant Engineers, Junior Engineers, Full Engineers, Principal Engineers, or Senior Engineers, the UEB has requested 17 provisional appointments in those classifications in order to retain key staff. According to Mr. Bajwa, it will take between two and three months to make these 17 provisional appointments. Subject to DHR releasing the necessary lists, the UEB hopes to hire approximately 30 staff by December 31, 2001 thereby still leaving 40 vacancies of the current 70 vacant positions, in addition to any new vacancies which may be generated by future staff attrition. The Budget Analyst notes, that for all of FY 2000-2001, the PUC only managed to hire 22 new engineers, while losing 13 existing engineers, for a total net gain of nine engineers.

12. In the preparation of the FY 2001-2002 budget, the PUC deleted 12 budgeted positions from various engineering classifications throughout the PUC. According to Mr. Bajwa, only positions which had been vacant for at least two years were deleted. The Budget Analyst notes, however, that these deletions were made without a PUC staffing projection plan which would guide the organization as to the best overall deployment of its professional resources. The Budget Analyst further notes that the PUC's explanations for its ongoing difficulty in hiring additional engineers are identical

to the explanations the PUC provided during the Finance Committee's review of the initial San Francisco Water Alliance contract in August of 2000. The PUC has not documented any progress to the Budget Analyst with respect to its ongoing problem of vacant positions.

13. According to Mr. Bajwa, with regard to PUC staff taking over Contractor functions in the future, the Contractor has focused in Year 1 of the subject contract on:

- Organizational development (for example, strategic planning, organizational restructuring, and the new Capital Improvement Program Manager position[13]).
- Tool and system development (for example, the new Performance Management Information System, the draft Construction Management Manual, and the project closeout methodology and criteria).
- Staff training and development.
- The establishment of a Cost Estimating Group which is fully responsible for UEB cost estimating functions.

Mr. Bajwa states that in Year 2, the Contractor will focus on transferring skills to PUC staff by:

- Developing cost estimating procedures.
- Developing graduates of the UEB Project Management Courses through on-the-job training, and professional and educational opportunities.
- Implementing and monitoring the Construction Management Manual.
- Implementing the Program Management Information System, a tool for cost control and monitoring. In his April 24, 2001 presentation to the Public Utilities Commission, the SFWA Project Manager noted that PUC staff are hesitant to adopt the new Program Management Information System because they do not perceive long-term support for this approach within the PUC.

[13] The new Capital Improvement Program Manager position (annual salary of $131,534, plus $22,302 in mandatory fringe benefits) will report directly to the General Manager of the PUC, and be responsible for implementing the capital improvement program. The incumbent will have the budgetary control and final decision-making authority to carry out the capital improvement program approved by the PUC. This position has been reserved by the Board of Supervisors in the FY 2001-2002 budget.

- Implementing the project closeout methodology and criteria.
- Running a Project Engineering Management Course.
- On the job training in project metrics, planning, scheduling, and control methods.

In Years 3 and 4, the Contractor expects to focus on staff mentoring and monitoring.

The Budget Analyst concludes that the PUC's failure to hire engineers and technical staff and fill the large number of vacant positions during Contract Year 1 will, if this pattern continues, severely limit the benefits to be achieved through professional development of PUC staff through the work of the SFWA. Therefore, the Budget Analyst recommends that the PUC explore, with the Department of Human Resources, methods of streamlining the hiring process for engineers and technical staff. The Budget Analyst further recommends that the PUC and DHR report back to the Board of Supervisors on progress made toward increased hiring within three months.

Conclusion: Based on the Budget Analyst's review of information provided by the PUC and the Peer Review Panel report, the performance of the SFWA appears to have met the contractual requirements for Contract Year 1.

Three major concerns stand out, however, with respect to continuation of the Program Management function and the SFWA contract. First, the ability of the SFWA to achieve significant, actual documented savings for the PUC's $4,200,000,000 Capital Improvement Program remains unproven. The PUC itself states that achievement of this long term key performance measure is speculative. The Budget Analyst concurs that the achievement of such savings is highly speculative at this time based on the lack of performance in this area to date.

Second, while the Program Management Office was intended to be a fully integrated joint effort, involving PUC and SFWA staff, the Peer Review Panel's report indicates that such integration has not taken place. Instead, as reported in Comment 3, the Program Management Audit is not staffed and organized in the typical manner, the SFWA and PUC staff are not located in close proximity and the confusion

exists about what portions of the Capital Improvement Program will be administered under the Program Management Office and the PUC's Utilities Engineering Bureau.

Third, the PUC's continued failure to fill vacant engineering and technical positions has obviously impaired the PUC's ability to perform routine facilities maintenance, develop and implement the long range Capital Improvement Program and effectively manage the Program Management Office that is to be staffed by both the SFWA and the PUC, including the oversight of the SFWA contract. In this regard, the Budget Analyst notes that a primary purpose of the SFWA contract is to develop PUC staff and improve their capability to assume all program management functions in the future. The Budget Analyst has not been provided with sufficient documentation that this proposed program is being achieved. The Budget Analyst notes that, if the PUC continues its pattern of being unable to recruit, develop and retain technical and engineering staff, then the PUC will become even more dependent on outside consultants to meet the critical needs of the Capital Improvement Program and, perhaps, day-to-day facilities maintenance functions.

The Budget Analyst considers approval of the proposed resolution to be a policy matter for the Board of Supervisors. However, the Budget Analyst also has recommendations for specific amendments to the SFWA contract and to PUC procedures, should the contract be renewed.

Recommendations: 1. Because the contract renewal date for Contract Year 1 is September 22, 2001, the proposed resolution (File 01-1563) should be amended to provide for retroactivity.

2. The Budget Analyst concurs with the Peer Review Panel's recommendation to include specific performance measures within each task order and recommends that the SFWA contract be amended to incorporate this procedure as a contract requirement.

3. The Budget Analyst recommends that the Controller's future audits of the SFWA contract also include detailed reviews, on a sample basis, of SFWA's performance on specific task orders.

4. The Budget Analyst recommends that the SFWA contract be amended such that payment of the incentive fee (amounting to as much as $630,000 in Contract Year 2) be subject to Public Utilities Commission and Board of Supervisors approval.

5. The Budget Analyst recommends that the PUC amend the incentive fee goals for Contract Year 2 to specifically include a quantifiable objective for timely completion of PUC approved task orders.

6. The Budget Analyst recommends that the Controller's annual audits of contractor cost and performance specifically verify the claimed overall program savings due specifically to the efforts of the SFWA.

7. The Budget Analyst recommends that the audit of overhead fees by the Bechtel Corporation be rejected by the PUC and that a separate, independent audit be prepared by an auditor selected by the Controller. The Budget Analyst further recommends that the SFWA reimburse the City in full for the cost of such an audit.

8. The Budget Analyst recommends that the PUC explore, with the Department of Human Resources, methods of streamlining the hiring process for engineers and technical staff. The Budget Analyst further recommends that the PUC and DHR report back to the Board of Supervisors on progress made toward increased hiring of engineers within three months.

9. Continue the proposed resolution (File 01-1563) pending submission of an amended SFWA contract that includes the amendments discussed in Recommendations 2 and 4 above.

10. Approval of File 01-1563, which would approve the second year renewal of the SFWA contract, and File 01-1735, the request to release $121,276 in reserved funds to fill the 0954 Deputy Director IV position, which were place on reserve pending the continuance of the SFWA contract, are policy decisions for the Board of Supervisors.

SFPUC

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1155 Market St., 4th Floor, San Francisco, CA 94103 • Tel. (415) 554-3155 • Fax (415) 554-3161

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August 9, 2001

The Honorable Tom Ammiano & Members of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place
Room 244
San Francisco, CA 94102

Subject: San Francisco Water Alliance, San Francisco Public Utilities Commission Program Management Consultant

Dear President Ammiano and Members of the Board:

In preparation for your annual review of the San Francisco Water Alliance (SFWA) contract, the San Francisco Public Utilities Commission staff has collected third party and summarized the SFWA's performance in assisting this Commission in its efforts to rebuild San Francisco's utility infrastructure. Based on the objective reports and staff's review the Commission passed a resolution (Exhibit 1) supporting the renewal of the San Francisco Water Alliance contract for a second year. We request that the Board act expeditiously on the renewal of the contract to minimize the delay in the program development that will be needed to execute the long-term capital program.

In August 2000, the Board of Supervisors approved a four-year Program Management Contract (PMC) for the San Francisco Water Alliance. The scope of work focused on providing program management services to the SFPUC to assist in executing the Capital Improvement Program (CIP). The SFPUC sought program management support to enhance management skills and adopt the new management tools and processes needed to deliver a program on the scale of the CIP—a program five to ten times larger than any we have initiated.

At the direction of the Board, staff included a provision in the contract providing for an annual review of the SFWA performance by the Board. This review also required that the SFPUC establish Key Performance Measures (KPMs), a management audit by the Controller's Office and a peer review to assess the consultant's performance in the delivery of the program.

- First Year KPMs—thesemeasures assess the PMC's performance during the first year of the contract. They are easily measurable and focused on establishing the basis for success of the overall program.

- Long Term KPMs—these measures assess performance over the life of the contract.

- Controller's Audit—semiannual reviews by the Controller's office to assess the progress on performance measures.

- Peer Review—objective evaluation by other management consultants and clients experienced with the use of a PMC

Lastly, the Board raised a number of questions during the contract approval process relating to contract performance. This memo and the attached exhibits are provided to address these performance measures and contractual requirements as part of the first year assessment.

Background

As indicated above, the SFPUC is launching a comprehensive Capital Improvement Program driven by our system's age and the risk and reliability issues it faces. A significant number of our system components are 70 to 100 years of age, including the major transmission facilities connecting the Hetch Hetchy Reservoir to the Bay Area. Many of the largest and most important facilities pass through earthquakes prone areas. The SFPUC Reliability Study indicates that in the event of a major earthquake these components could fail, leaving the portions of the SFPUC service area without water for up to sixty days.

Summary Year One Performance

At end of the first year of the SFWA contract, we can report that the PMC has substantially met of the requirements of the contract. The Budget Analyst's office is currently preparing a report on the performance first year of the contract.

Exhibit 2 is a summary of the first year KPMs and the SFWA's accomplishments against those measures. Exhibit 3 relates to the status of the long term KPMs, while Exhibit 4 provides an update on the performance of the combined team on the points raised by the Budget Analyst during last year's contract negotiations. Exhibit 5 contains the Controller's management letter commenting on its findings in the first six-month audit. The second semi-annual audit (which covers only three months) is Exhibit 6. The peer review requested by the Board has been concluded and the report is Exhibit 7.

The SFWA's accomplishments for the first year of the contract include:

Support of the CIP Planning:

- Identified a number of high-risk projects required to address the system's age and its vulnerability to seismic events.
- Prioritized the project work based on reliability and vulnerability considerations, as well as operational requirements of maintaining the system.
- Developed a critical path network to avoid conflicts that could impact the reliable delivery of water or the treatment of wastewater.
- Refined scope statements and cost estimates and provided a conceptual cost estimating system that will benefit the SFPUC in future conceptual estimating efforts.

Savings:

- Identified and implemented a process to reduce the actual cost of projects and increase the efficiency of our engineering design processes. Refined the existing alternatives analysis program, resulting in projected savings of $30 to $60 million through analysis of projects such as the Priest Bypass, the Chloramination design, and the Southeast Water Pollution Control Solids Handling Project. Using this same process throughout the entire CIP program, we estimate saving 10% or over $200 million on the overall program.
- Determined that an Owner Controlled Insurance Program (OCIP) could save $25-100 million on the overall CIP program.

Training, Staff Organizational Development:

- Designed, executed, and analyzed results of the first Utilities Engineering Bureau Staff Skills and Goals Inventory; created and utilized a UEB Skills Bank with 137 staff profiles for assignments, training programs, and advancement opportunities; designed career maps to track progress of participating staff.
- Developed and initiated a CIP Training and Development Plan for the SFPUC staff; conducted over 148 hours of in-house training through the first nine months of the program including 10 training programs, seminars, and orientations, trained over 115 members of the UEB staff in one or more of these programs.

- o Assessed the SFPUC's organization and recommended measures that would improve efficiency in delivering the CIP; recommended that we focus the responsibility and authority for delivering the CIP in a CIP manager reporting directly to the General Manager. That person is now in place and will be working with the PMC to prepare for delivery of the overall CIP.

Minority and Women Owned Business (M/WBE):

- o The MBE participation has grown steadily to 26% over the first 10 months of the project. The cumulative target for year one is 30%. In the last four months through July, the PMC has averaged 30.7% MBE and continues to close in on the ultimate target. Cumulative WBE utilization has exceeded the 10% goal and currently stands at 15%. We have also asked the PMC to prepare training courses that will assist minority and women owned contractors to participate more strongly in the program. That process is ongoing.

Control and Accountability Systems:

- o Implemented estimating database and estimating methodology for increasing the accuracy of conceptual estimates.
- o Developed procedures for planning our engineering work.
- o Developed methods for monitoring and controlling project cost and schedule reporting systems.
- o Planned an integrated and comprehensive long range CIP.
- o Updated manuals and procedures.

Year Two Program Priorities

The primary intent of the SFWA during the contract's second year is to continue transferring their management experience and tools to the SFPUC to ensure we can deliver the capital program with a greater independence. The SFWA plans include:

- o Helping establish our newly appointed CIP Program Manager, and defining the remaining CIP organization.
- o Assisting in delivering clear, concise engineering alternative reports (optioneering) that define the lowest cost solution to meeting the defined need of each of the CIP projects.
- o Working with engineering to help define budgets and deliverables for design projects.
- o Training staff in project controls procedures through on-the-job experience.
- o Providing schedule support for each project.
- o Implementing a project and program reporting process common to all projects in the CIP.
- o Assisting the Utilities Engineering Bureau in developing claims management support for the project teams.

In year two, the SFWA will implement programs such as the OCIP, explore the use of Project Labor Agreements (PLA), and expand optioneering efforts on CIP projects. The OCIP and PLA could reduce costs by 2-5%, while optioneering should add an additional 10% in savings.

During year two of the PMC, the SFWA also plans to focus on high priority projects that will improve the reliability of our water system infrastructure. These projects include:

- o Southeast Water Pollution Control Plant—a $279 million project to replace the aging digesters and solids handling system with new processes that will improve the efficiency of the operation and reduce odors. Odors at the Southeast plant have been the cause of significant concern to the neighbors of the facility.
- o Irvington Bypass—a $125 million project providing an alternative means of delivering Hetch Hetchy water to the San Francisco Bay Area. The existing tunnel is currently the sole conduit of water delivery to Bay Area and is vulnerable to earthquakes, especially at the Hayward Fault.

- Bay Division Pipeline 5—a $381 million project to improve the reliability of the water system from the east side of San Francisco Bay to the west. The existing Bay Division pipelines are beyond or nearly beyond their useful life.
- Polhemus Pipeline Upgrade—a project with estimated costs of $56 million to improve access to Hetch Hetchy water. Currently, this water can only be delivered directly to San Francisco through one pipeline, the Crystal Springs Bypass Pipeline that has historically been threatened with landslides.
- University Mound Reservoir—a $122 million project to retrofit one of the oldest reservoirs in San Francisco. The University Mound Reservoir has a combined capacity of 140 million gallons, serving the east side of the Financial district and the Marina.
- Cross-town Transmission Main—a $13.5 million project to provide increased reliability to the City's water transmission system. Should a seismic event occur within the city, the ability to transfer water from one portion of the city to another could be critical.

The SFWA will continue to develop the systems, tools, and processes essential to improving the Capital Improvement Program and should improve the SFPUC's ability to rebuild the reliability water infrastructure.

Coming to judgment of a total effectiveness of any professional service contract that is this large and important to the SFPUC at the end of its first year is bound to be difficult. Merging City staff with that of the consultant and trying to develop methods and approaches takes time and produces an initial inefficiency. Staff has observed that the work between city staff and contractor has continued to improve as the year has progressed. Independent reviewers have noted that it is inappropriate to judge long-term performance so early in the process. Similarly, actual cost savings, a critical criteria, can only be realized when the projects are completed and real monies have been expended. Based on the conclusions of the objective third party reports, and adherence to the contract and Board's requirements and staff's review we recommend that the SFWA contract be extended for a second year.

We look forward to being able to discuss their performance in more detail at the planned hearing before the Board's Finance Committee.

Sincerely,

Ann Moller Caen
President

E. Dennis Normandy
Sr. Member

Frank L. Cook
Member

Ashok Kumar Bhatt
Member

Steven Leonard
Acting General Manager

Karen Kubick
Capital Improvement Manager

Mike Quan
Utilities Engineering Bureau Manager

Attachments

cc: Supervisor Leno, Chair, Finance Committee
Supervisor Daly
Supervisor Gonzalez
Supervisor Hall
Supervisor Maxwell
Supervisor McGoldrick
Supervisor Newsom
Supervisor Peskin
Supervisor Sandoval
Supervisor Yee
Gloria Young, Board Clerk

Cc John Kluesener, SFWA
Michael Quan, UEB
Karen Kubick, GM's Office
Jeet Bajwa, UEB

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1155 Market St., 4th Floor, San Francisco, CA 94103 • Tel. (415) 554-3155 • Fax (415) 554-3161

WATER
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October 11, 2001

Subject: Release of Reserve Funds
New PUC Position - $121, 276

Ms. Gloria L. Young
Clerk of the Board
San Francisco Board of Supervisors
City Hall, Room 244
#1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Ms. Young:

I am writing to request the release of the reserve on the 0954 Deputy Director IV position for the San Francisco Public Utilities Commission (SFPUC). The day-to-day title of this position in the SFPUC will be Assistant General Manager for Infrastructure. The requested position will join the existing SFPUC Assistant General Managers for Operations, Finance and Administration, and Power Policy to oversee and coordinate the work of the Utilities Engineering and Planning Bureaus.

The position is needed to implement current capital projects and to support the development of the Long-term CIP for the SFPUC. The SFPUC staff have developed and are currently reviewing the list of capital projects needed for the repair of the Hetch Hetchy, Water and Clean Water systems. Current estimates place the cost of the CIP in the $4+ billion range.

The peer review of the San Francisco Water Alliance (SFWA) contract provided to the Board focused on the fundamental need for leadership and ownership of the Capital Program within the SFPUC. Many of the performance and focus issues between the contractor, SFWA and the SFPUC staff is attributed to a lack of leadership at the management level, lack of management time and poorly focused goals for the CIP. The Deputy Director IV position, under my direction, will assist in the organizational development needed to tackle a program of this size, recruit needed staff, assist with activating support for financing the program and conducting outreach to various stakeholders. This position will take on strategic issues necessary for the success of the program.

Thank you for considering our request. If you have any further questions please call me directly at 554-3160.

Very truly yours,

Patricia E. Martel
General Manager

Task Order	Description	Quality of Work	Adherence to Project Schedule	Adherence to Project Budget	Task Management
1	Interim Insurance	3	3	3	4
2	Startup and Team Building	4	2	4	3
3	Program Management Client Services	4	3	4	3
4	OCIP Risk Assessment	4	2	5	4
5	CIP 10 Year Plan	4	4	4	4
6	Hetch Hetchy Project	5	3	3	4
7	SFPUC Facilities Reliability Program Phase III	5	5	5	5
8	Millbrae Administration Building Seismic Upgrade	3	3	3	3
9	Sunol Valley WTP Improvements - Phase I	3	3	4	3
10	PM Support for 1995B Sewer Bond Projects	3	3	3	4
11	Moccasin Communication & Control Building	4	4	4	5
12	Priest Reservoir Bypass	3	3	4	3
13	Estimating for Sewer and Sewer System Contracts	3	4	4	4
14	SEWPCP Solids Handling Upgrade	5	4	4	5
15	Water/Hetchy - Cost Estimating Support	3	4	4	4
16	SFPUC Facilities Reliability Program Phase III	4	3	3	4
17	SCADA - Assistant PM	4	3	3	2
18	Crystal Springs Bypass Conduit	5	4	5	5
19	Health & Safety Construction Safety Plan	4	3	3	4
20	SCVWD Intertie - Operation Plan	3	3	3	3
21	Staff Training	5	5	5	5
22	Program Management Services	3	3	3	4
23	PMIS Monitoring and Control	3	3	3	3
24	Communication and Outreach	4	4	3	4
25	Diversity Program	Data Unavailable			
26	Cost Estimating Group Management & Testing	3	3	3	3
27	SVWTP Phase I Improvement	4	4	4	4
28	SFPUC -SCVWD Intertie Pipeline and Pump Station	3	3	3	3
29	Optioneering	Notice to proceed not estalished			
30	Priest Bypass (alternatives, cost estimating, review)	Data Unavailable			
31	Bayland Recovery Project at former Peninsula Sportsmen's Club	4	4	4	5
	Average Score	3.75	3.39	3.68	3.82

5=Excellent; 4=Exceeds Requirements; 3=Meets Requirements; 2=Needs Improvement; 1=Poor

Performance Measurement Criteria – PMC Year Two

Draft – 17 September 2001

Performance Measurement Criteria – PMC Year Two

The Program Management Services Contract includes a performance-based fee for the second and subsequent years. The amount of the performance fee is evaluated every six months and is a maximum of 4.5% in the second year. The list below proposes short-term goals evaluated every six months comprising selected SFWA activities that contribute to improvements in the overall SFPUC/SFWA performance on the Long Term KPMs. The goals have been chosen to represent objective, verifiable contributions to organizational performance within the contractual limitations on the SFWA's actions. The SFWA's performance against these goals will be used to assess the performance fee.

The specific measurement and scoring process will be established during SFPUC review and approval. In addition, the evaluations given on the SFWA specific task orders will also be considered in the determination of the performance fee award. Compliance with the goals is dependent on the release of suitable task orders; the related KPMs will be identified on the appropriate task order description. It is assumed that the Year Two PMO task order will be awarded for the full scope as has been approved by the SFPUC. In addition, specific task orders will be required to enable the SFWA undertake the work so that the identified KPM can be delivered.

The table below lists the KPMS and the proposed goals for Year Two of the contract.

Performance Measurement Criteria – PMO Year Two

Draft – 17 September 2001

KPM	Description	Measure	10/01 – 03/02 Goals	Eval (1)	TOrder (2)	04/02 – 09/02 Goals	Eval	Task Order
1	Overall Program Savings	OCIP Implementation	1-1. Issue standard Health & Safety contract terms and conditions for use by UEB in construction contracts within 3 months of PMO TO NTP and SFPUC OCIP approval.	O	PMO8	2-1. Provide site management safety training (2 sessions)	S	STO
			1-2. Issue Programmatic Safety Program for use by UEB within 3 months of PMO TO NTP	O	PMO8	2-2. Conduct health and safety audits of all active UEB construction sites	S	PMO8
			1-3. Together with the brokers, develop a baseline for savings through the OCIP implementation (total program premiums with and without OCIP) within 3 months after brokers are available.	O	PMO8			
			1-4. Provide plan for site management safety training within 3 months of PMO NTP	O	PMO8			
		Definition and Implementation of Optioneering and Value Engineering	1-5. Issue optioneering procedures within 2 months of PMO TO NTP.	O	PMO1	2-3. Apply optioneering to specifically identified projects and document resultant benefits; improve on baseline cost by 10% for the projects analyzed.	S	STO
			1-6. Identify projects suitable for optioneering within 1 month of PMO TO NTP	O	PMO1			

Performance Measurement Criteria – PMC Year Two

Draft – 17 September 2001

KPM	Description	Measure	10/01 – 03/02 Goals	Eval (1)	TOrder (2)	04/02 – 09/02 Goals	Eval	Task Order
			1-7. Submit specific plan for the establishment of an optioneering group within UEB within 6 months of PMO TO NTP and support its implementation	S	PMO1	2-4. Provide training in optioneering and value engineering processes through joint actual execution of optioneering studies (3 UEB engineers OJT for 3 months)	S	STO
		Other Savings	1-8. Implement an improved bid document distribution (CD posting) on new contracts	O	PMO2			
2	Project Designs completed on schedule	Improvement in design projects definition and implementation, allowing for approved changes	1-9. Issue engineering planning procedures within 3 months of PMO TO NTP.	O	PMO2	2-5. Provide Project Engineering training. (8 sessions)	S	STO
			1-10. Identify design projects suitable for schedule monitoring and control within 1 month of PMO TO NTP	O	PMO1	2-6. Implement schedule monitoring and control system for the identified projects	S	STO
			1-11. Issue Project Change Control procedure within 3 months of PMO TO NTP	O	PMO2	2-7. In conjunction with SFPUC (3), demonstrate work-around to deliver the identified projects at 25% better than SFPUC baseline	S	STO

KPM	Description	Measure	10/01 – 03/02 Goals	Eval (1)	TOrder (2)	04/02 – 09/02 Goals	Eval	Task Order
			1-12. Provide Change Control training (2 sessions)	S	PMO2	2-8. Document specific procedural improvements due to SFWA meaningful participation in scope definition, documentation, and coordination. Issue a tracking document on design improvements.	S	STO
3	Construction Contracts substantially completed on schedule	Percentage of construction contracts on schedule, allowing for approved changes	1-13. Issue project controls procedures within 3 months of PMO TO NTP	O	PMO2	2-9. Provide Construction Schedule training. (Primavera plus OJT of 2 schedulers)	S	PMO2
			1-14. Identify construction projects suitable for schedule monitoring and control within 1 months of PMO TO NTP	O	PMO8	2-10. Implement schedule monitoring and control system for the identified projects	S	STO
						2-11. In conjunction with SFPUC [3], demonstrate work-around to deliver the identified projects at 25% better than SFPUC baseline	S	STO
		Procurement/ Contracting Improvements	1-15. Submit plan for establishing a UEB construction Claims Group within 3 months of PMO TO NTP and support its implementation	O	PMO8	2-12. Develop historical SFPUC claims database for capital projects	S	PMO8
			1-16. Submit procedure for developing and using a claims database for SFPUC capital projects.	O	PMO8	2-13. Present the first Lessons Learned to construction managers and designers (One session)	S	PMO8

Attachment IV
Page 4 of 8

Performance Measurement Criteria – PMC Year Two

Draft – 17 September 2001

KPM	Description	Measure	10/01 – 03/02 Goals	Eval (1)	TOrder (2)	04/02 – 09/02 Goals	Eval	Task Order
4	HRC Goals for MBE/WBE participation in Construction Contracts achieved	Number of Firms participating in M/WBE Program	1-17. Identify M/WBE bidders and non-bidders (based on SFPUC contracting over past 5 years). Develop/establish target list of M/WBE non-bidders (currently certified by HRC, but haven't bid on SFPUC contracts)	O	PMO10	2-14. Develop/establish M/WBE list. Identify M/WBE firms not currently certified by the HRC and conduct targeted outreach	O	PMO10
			1-18. Not used	O	PMO10	2-15. Not used	O	PMO10
			1-19. Conduct targeted outreach to M/WBE non-bidders; make contact with M/WBE non-bidders from the list	S	PMO10	2-16. Identify five new MBE and/or WBE firms for certification by the HRC	O	PMO10
			1-20. Get 2 MBE or WBE non-bidders to bid on SFPUC projects	O	PMO10	2-17. Get 3 MBE or WBE non-bidders to bid on SFPUC projects	O	PMO10
			1-21. Get 2 previously non-certified MBE or WBE to receive certification by the HRC	O	PMO10	2-18. Get 3 previously non-certified MBE or WBE to receive certification by the HRC	O	PMO10
5	Closeout Construction contracts within 6 months of substantial completion	Percentage of construction contracts closed out within six months	1-22. Assist in the formulation of a closeout team; participate in the tracking, reporting, and streamlining the closeout process. (This is a procedural support and is a part of the technology transfer to the SFPUC staff)	S	STO	2-19. Complete closeout process on all projects (with SFWA meaningful participation) within 6 months of substantial completion (when facility is fully functional and all significant technical issues are resolved.)	O	STO

KPM	Description	Measure	10/01 – 03/02 Goals	Eval (1)	TOrder (2)	04/02 – 09/02 Goals	Eval	Task Order
			1-23. Complete closeout process on all projects (with SFWA meaningful participation) within 6 months of substantial completion (when facility is fully functional and all significant technical issues are resolved.)	O	STO			
6	Accuracy of Engineer's Estimate	Percentage of construction bids (over $1 million) within 10% of engineer's estimate	1-24. Track engineer's estimate against bid prices. (all bids received in this duration will be entered into a data base)	S	PMO2	2-20. Improve on the number of estimates that are within 10% of the median of bids received by 10%	O	STO
			1-25. Improve on the number of estimates that are within 10% of the median of bids received by 10%	S	STO			
7	CIP Expenditure Progress	Actual expenditure/Planned expenditure within evaluation period	1-26. Prepare Regional Water Facilities Plan (Backbone Study) within 6 months of TO NTP	O	STO	2-21. Update master CIP schedule to reflect the interrelationships between the approved projects and analyze cost & schedule contingency & risk.	S	STO
			1-27. Prepare 10-year expenditure and staffing plan for the long range CIP projects	O	STO	2-22. Track Long Range CIP progress against plan (monthly after CIP plan approval)	S	STO

Performance Measurement Criteria – PMC Year Two

Draft – 17 September 2001

KPM	Description	Measure	10/01 – 03/02 Goals	Eval (1)	TOrder (2)	04/02 – 09/02 Goals	Eval	Task Order
			1-28. Prepare 1st year monthly capital and staffing profiles	O	PMO2	**2-23.** Implement PMIS for all Long Range CIP projects in Phase II	O	PMO6
			1-29. Issue a monthly report covering Long Range CIP projects managed by UEB within 3 month of TO NTP	O	PMO2			
			1-30. Update CIP baseline plan within 4 months of TO NTP	O	STO			
			1-31. Implement PMIS for all Long Range CIP projects in Phase I within 6 months of PMO TO NTP	O	PMO6			
8	Reduce total "Services" costs (PM, Eng, CM, Proc, etc.) associated with the non-construction aspects of the Program	Services costs/Capital cost	**1-32.** Submit specific recommendations for the establishment of time-card tracking and approval within 6 months of TO NTP	O	PMO6	**2-24.** Submit standard reference estimates for design activities (drawings, logs specifications, calculations, etc.) for use by UEB staff in developing project design budgets and plans.	O	PMO1
			1-33. Submit plan for establishing an engineering review committee to oversee design progress and performance.	S	PMO1			
			1-34. Submit plan for establishing standard design specifications and standard design drawings	O	PMO1			

KPM	Description	Measure	10/01 – 03/02 Goals	Eval (1)	TOrder (2)	04/02 – 09/02 Goals	Eval	Task Order
			1-35. Submit a plan for establishing an Engineering Performance Report (EPR)	O	PMO2			

/

Notes:

1- **Evaluation**
"O" Rating is Objective, i.e., 0% or 100%
"S" Rating is subjective, i.e., score is assigned relative to actual performance accomplished 0% through 100%

2- **Task Order**

"PMO#" Activity and deliverables are covered by the PMO-Year Two Task Order as submitted by SFWA on DD MMM YY the "#" refers to the specific task of the PMO task order scope of work.

"STO" Activity and deliverables will be delivered under a specific task order other than the PMO-Year Two task order. If the specific task order is not awarded, deliverables will not be accomplished and the KPM shall be deleted from consideration.

3- Basic assumption is that SFPUC will provide sufficient project controls engineers, or support to the SFWA to supply them, for all design projects less than 50% complete.

SFPUC CIP Program

Task Order Log

Status as of 16 August 2001

4320

Task Order No.		Description	SFPUC P.M.	SFWA Task Manager	Dollars Approved	Status	Period of Performance		Subject
							From	To	
001	P	Interim Insurance	Wong	Saha	$251,198	Closed	25-Sep-00	13-Sep-01	
002	P	Startup and Team Building	Wong	Masri	$95,000	Closed	25-Sep-00	22-Jan-01	
003	P	Program Management Office Services Tasks	Bajwa	Saha	$2,460,000	Approved	25-Sep-00	28-Sep-01	Overall Program support
004	P	OCIP	Wong	Saha	$19,460	Closed	02-Oct-00	15-Dec-00	
005	M	CIP 10 Year Plan	Carlin	Hodge	$461,500	Closed	03-Oct-00	30-Jun-01	
006	M	Chloramine Conversion - Assistant PE	Mallett	Martinez	$507,806	Approved	08-Nov-00	07-Nov-01	Project Engineering on a design project
007	M	Reliability Phase III Planning	Williams	Cartwright	$9,500	Closed	15-Nov-00	31-Dec-00	
008	M	Millbrae Building	Chen	Masri	$3,000	Closed	10-Oct-00	12-Oct-00	
009	M	Sunol Improvement Project Bid Evaluation	J. Lim	Masri	$19,900	Closed	04-Oct-00	17-Nov-00	
010	M	Collection System Support	Tang	Masri	$218,500	Approved	27-Nov-00	28-Dec-01	Project Controls and Administrative support
011	M	Moccasin Admin. Bldg Bid Evaluation	Chen	Masri	$800	Closed	09-Oct-00	31-Dec-00	
012	M	Priest Reservoir Constructibility Review	Cael	Petersen	$4,800	Closed	11-Dec-00	05-Jan-01	
013	M	Collection System - Cost Estimating Support	Tang	Richen	$74,600	Approved	04-Dec-00	28-Dec-01	Cost estimating
014	M	Solids Handling - EIR Support (Subtask 1,2)	Wong	Hsiao	$318,294	Approved	17-Dec-00	31-Oct-01	Technical support, alternatives evaluation
015	P/M	Water/Hetchy - Cost Estimating Support	Bajwa	Richen	$120,973	Closed	11-Dec-00	31-Jul-01	
016	M	Reliability Phase III Implementation	Nelson	Wong, D	$754,602	Approved	02-Jan-01	09-Nov-01	Assessment of system-wide facilities
017	M	SCADA - Assistant PM	Fonda	O'Neill	$151,470	Closed	02-Jan-01	31-Jul-01	
018	M	Polhemus Tunnel/Pipeline	Tasso	Carella	$67,000	Closed	02-Jan-01	31-May-01	
019	M	Health and Safety - Construction Safety Plan	Jones	Petersen	$39,238	Approved	01-Feb-01	30-Sep-01	Health and safety guidelines
020	M	SCVWD Intertie - Operation Plan	Swanson	Nichols	$197,250	Approved	01-Feb-01	13-Oct-01	Preparation of Operation Plan
021	P	Staff Training	Maiolini	Romm	$128,625	Approved	01-Feb-01	26-Oct-01	
022	P	PC / Closeout Support to UEB	West	Masri/TBD	$180,836	Approved	01-Feb-01	28-Sep-01	Support to UEB Project Managers
023	P	PMIS Monitoring and Control	B. Lim	Saha	$194,794	Approved	01-Feb-01	31-Aug-01	Establishment of Project Control system
024	P	Communication & Outreach	Arena	Leamon	$288,711	Approved	01-Feb-01	28-Dec-01	Commmunication support
025	P	Diversity Program	Harmon	Leamon	$366,936	Approved	01-Feb-01	28-Dec-01	Support to enhance M/WBE participation
026	P	Cost Estimating Group Management & Training	B. Lim	Richen	$120,083	Approved	10-Jan-01	26-Oct-01	Cost Estimating support and training
027	M	Sunol Construction - Scheduler	J. Lim	Liveno	$102,602	Approved	01-Mar-01	28-Feb-03	Scheduling support

Task Order Log

Status as of 16 August 2001

4320

ask rder No.		Description	SFPUC P.M.	SFWA Task Manager	Dollars Approved	Status	Period of Performance From	To	Subject
28	M	SCVWD Construction - Scheduler	Swanson	Liveno	$16,301	Approved (NTP for $50K)	14-Aug-01	13-Aug-02	CLOSED
29	P	Optioneering	Bajwa	Masri/TBD	$24,975	signed by Quan 15 March 01	TBD	TBD	No NTP
30	M	Priest Bypass (alternatives, cost estimate, review)	Cael	Petersen	$48,955	Closed	01-Mar-01	30-Jun-01	
31	M	Sportsman Club - Remediation Plan Review	DeCastro	Masri/TBD	$124,500	Approved	01-Mar-01	30-Sep-01	Environmental Review and technical support
32	M	Peninsula Improvement Project	Nelson	Hodge	$201,712	Approved	16-May-01	09-Nov-01	Assessment of alternatives for Water delivery
33	M	CIP 2000 Update	Carlin	Saha	$99,158	Closed	16-May-01	21-Aug-01	CIP Update
34	M	Priest Bypass (Peer Review)	Cael	Petersen	$29,425	Approved	16-May-01	11-Dec-01	Peer review of conceptual designs
35	M	Cogeneration Review	Wong	Masri	$0	CANCELLED 11 JULY 01	N/A	N/A	
36	M	Sludge Conveyance Review	Wong	Masri	$26,824	Approved	24-Jul-01	02-Oct-01	Technical support
37	M	Scoping of Regional Water	Carlin	O. Chen	$10,000	Signed by Quan 5 July 01	TBD	TBD	No NTP
38	M	Crystal Springs Peer Review	Tasso	Lawson	$36,733	Approved	24-Jul-01	24-Jan-02	Technical support
39	P	Measures A & B Projects	Arnold	Saha	$30,000	Submitted 25 July 01	TBD	TBD	No NTP
40	M	San Joaquin River Discharge - Cost Estimating	Cael	Richen	$2,500	Signed by Quan 10 August 0	TBD	TBD	No NTP
	TOTAL				$7,808,561				

EGEND: p PMO Contract $4,185,418

M PM / CM $3,623,143

$7,808,561

SFPUC

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
General Manager's Office
1155 Market Street, 4th Floor San Francisco California 94103
415. 554.3160 Fax 415.554.3161

September 20, 2001

Mr. Ken Bruce
Budget Analyst Office
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94103

Subject: San Francisco Water Alliance Contract
Budget Analyst Report dated September 26, 2001

In response to your questions raised in the attached Budget Analyst Report, we are providing the following explanations.

- Comment – Time Extension on Task Orders (TOs): A significant number of task orders have had their deadlines extended without budget increase, which suggests that the Contractor has failed to both meet the originally required deadlines and use the allotted hours (for example, Task Orders No. 2, 14, 18, 19, 21, 22, 23, 25, and 26).

  Response:

  - In general, the extension of the period of performance was requested and granted to continue a level of effort or to perform additional scope as requested by the SFPUC.
  - TO 2 (Startup and Team Building) - The original completion date of November 30, 2000 was extended to January 22, 2001 as agreed with SFPUC. This was required to cover additional TOs scope descriptions. Mobilization was completed as scheduled with about $25K remaining.
  - TO 14 (Solids Handling) - The TO was extended due to additional scope. All deliverables were submitted on time.
  - TO 18 (Polhemus Tunnel/Pipeline) -The draft report was submitted on April 6, 2001, one week ahead of the agreed to date. However, WS&T and SFPUC did not concur on a recommended direction. SFWA then conducted multiple workshops and, therefore, the final report was delayed. It should be noted that even with the additional work, SFWA remained within the established budget and received a very high rating by the SFPUC Project Manager.
  - TO 19 (Health and Safety- Construction Safety Plan) -This TO was extended to accommodate a lengthy review period for the safety manual.
  - TO 21 (Staff Training) - A level of effort by SFWA was required for coordinating and managing the training sessions. SFPUC agreed to the extension to continue this effort. SFWA's efforts were completed under the established budget and delivered a greater number of sessions than initially agreed.
  - TO 22 (PC/Closeout Support to UEB) -This TO is a level of effort in providing support to the UEB project managers. The extension was in response to SFPUC's request for SFWA to continue this support within the initial budget limits.
  - TO 23 (PMIS Monitoring and Control) -The PMIS system was developed and submitted within the initial schedule limits. Due to the continued availability of funds and the need to continue the application of the system, the TO was extended.

- TO 25 (Diversity Program) - The work was delayed beyond the agreed schedule because SFWA delayed mobilization of required staff.
- TO 26 (Cost Estimating and Group Management and Training) - This TO is a level of support activity to train and mentor a SFPUC cost estimate group. Since UEB had difficulty in recruiting staff to become cost estimators, the task order was extended to provide additional support by SFWA on an as-needed basis.

- Comment- Task Order No. 002: While the scope of Task Order No. 002 authorizes the preparation of work, budget, and schedule statements for up to 20 task orders, Task Order No. 007 also requests the Contractor to prepare a description for Task Order No. 016. This appears to be duplicative.

  Response:

  Task Order 016 (Reliability Phase III Implementation) was a stand alone study for $904K. A scope description was agreed upon and an execution plan was developed before proceeding with the actual study. The scope description and plan was completed under the TO 007 (Reliability Phase III Planning). This planning and scope definition work was not done under the TO2.

- Comment- Task Order No. 005 requires identification, review, updated scope descriptions and initial cost/schedule profiles for all projects in the CIP by June 30, 2001 at a cost of $461,500. However, TO 033 dated April 10, 2001 requires further development of the plan produced under TO 005 at an additional cost of $99,158 for the same June deadline.

  Response:

  Task Order 005 (CIP 10 Year Plan) had three deliverables; the first two were delivered on schedule. The third deliverable was the finalization of the CIP 10 year draft plan that was delivered in January 2001. It was completed and delivered in February 2001, ahead of the June 2001 deadline.

  When the CIP plan work effort under TO 005 was submitted to the Commission in February 2001, it was essentially rejected. PUC was asked by the Commission to redefine and plan the Long Range Financial Plan and the current CIP, using a different set of criteria that would rank/sequence the list of projects listed in the first CIP (TO 005), update cost estimates and evaluate a contingency plan. Projects were evaluated by risk, reliability and affordability.

  To accomplish this work, TO 033 (CIP 2000 Update) was issued to revise the existing plan, prepare CPM networks, contingency requirements, develop resource projection and 10 year cash flow projections for financing new Bond measures based on the new criteria.

- Comment - Task Order No. 009 requests the Contractor to review construction estimates prepared by other contractors hired by the PUC.

  Response:

  Task Order 009 (Sunol Improvement Project Bid Evaluation) was issued for a project where bids received from responsive contractors were significantly less than the Engineer's Estimate. The SFWA was specifically requested by the Commission to review the estimate and the bids received to verify completeness of the estimate. The SFWA review of the Engineer's estimate (by Montgomery Watson) revealed some inconsistencies and errors. In discussions with the bidders and in review of the project design package, some concern was raised regarding some of the assumptions that were used. The SFWA review was well received and accepted by all parties concerned, and it was the basis for the Commission to award the contract.

- Comment – Among other responsibilities, Task Order No. 003 requires the Contractor to evaluate current procurement methods to see if procurement periods can be shortened.

  Response:

  The SFWA prepared preliminary baseline documents outlining the current method of operation in the procurement process. The next step of the evaluation was to determine how and where changes could be made to bring additional efficiencies to the bid/award process. At this time, the SFPUC staff has decided to develop an improved work process themselves.

If you need more explanation, please contact Jeet Bajwa @ 554-7074.

Sincerely,

Steven Leonard
Acting General Manager

SL/MQ/JB

Cc: M Quan
J Bajwa
J Kluesener

Memo to Finance
October 31, 2001 Finance Committee Meeting

Item 10 - File 01-1774

Department: Department of Environment (DOE)

Item: Hearing to consider the requested release of reserved funds in the amount of $6,750,000 for the Power Boosters small business energy efficiency retrofit program reserved by the Board of Supervisors in August of 2001 (File No. 01-1431).

Comment: The Department of Environment has requested that the hearing on the requested release of reserved funds be continued.

Recommendation: Continue the proposed resolution to the Call of the Chair, as requested by the Department of Environment.

for Harvey M. Rose

cc: Supervisor Leno
Supervisor Peskin
Supervisor Gonzalez
Clerk of the Board
Controller
Ben Rosenfield